

Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

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\$6 A YEAR U.S. AND CANADA \$25 A YEAR FOREIGN

Year-End Lead Times May Stretch Drastically

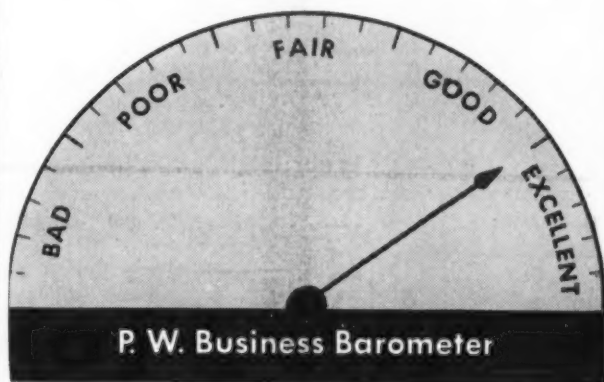
Purchasing Week's Business Barometer Up

All Signs Point to Continued Industrial Rise

New York—Current modest uptrend in industrial activity is almost a sure bet to continue into summer and fall. That's the major conclusion you can draw from PURCHASING WEEK's latest quarterly survey of the nation's leading business barometers. Practically every one of the 12 key economic signposts analysed pointed to steady improvement in general business conditions.

But again—as three months ago—the accent is on steady rather than sharp improvement for the months ahead. That's because, while most barometers are pointing up, they're doing so at a relatively leisurely rate.

Only a few point up sharply—the way they (Turn to page 4, column 3)



Two Roundtable P.A.'s Question Distributors and Manufacturers

Springfield, Mass.—A P.A. must be a team man to bring maximum benefit to his company through his relations with distributors and manufacturers. Line-up for this team is manufacturer-distributor-P.A. Example: P.A.'s can usually get better service from manufacturers when they "go through" distributors.

This was one of the points uncovered at a recent PURCHASING WEEK roundtable on the problems arising in P.A.-distributor-manufacturer relationships.

P.A.'s look for cost-reduction ideas from salesmen. But distributor salesmen are often handicapped in offering P.A.'s this help because of the broad product lines they represent. According to roundtable member, and ex-N.A.P.A. president, H. S. "Staff" Kellam, buyers' companies can benefit when buyers "take time to acquaint distributor salesmen with their operations, problems, and personnel." Salesmen then can pin-point their products and suggestions at specific problems at the buyers' plants. Roundtable

members agreed this was a good example of "teamwork" by purchasing.

Purchasing Week SPECIAL REPORT

(Turn to page 24, column 1)

2 Buying Bills Before Oklahoma Legislature

Oklahoma City—Two bills now before the Oklahoma legislature are aimed at improving state purchasing practices. One is moving smoothly, the other is meeting stiff opposition.

The first measure, a new competitive bid law which prohibits state agencies from "buying by brands" and requires all pur- (Turn to page 12, column 1)

Several Key Industries Warned P.A.'s to Guard Against Jam-Ups in Third and Fourth Quarters; Told to Anticipate in Buying Production Parts

New York—Manufacturers warned P. A.'s this week that lead times, already lengthening, could stretch out to frustrating proportions later this year.

Several in key industries advised industrial buyers to guard against jam-ups in the third and fourth quarters. Although the steel situation injects uncertainty into the third quarter picture, they insisted that those who do the best job of anticipating future needs now will avoid "being last on a slow-moving line."

The picture that now faces purchasing agents shapes up this way because:

- Industries affected by seasonal swings also are experiencing exceptionally strong business activity. With production already high, backlogs are building up.

- Capital equipment makers, who complain that many P. A.'s are still holding back on orders, expect a "mad rush" for needed equipment in the second half of 1959.

Some companies, particularly in the electrical equipment industry, have started "buy now" campaigns to stimulate orders and avoid a heavy backlog later this year.

"We know the need for vari- (Turn to page 36, column 4)

Ike Again Warns Against Steel Hike

Washington—President Eisenhower stole the first scene in the steel industry drama which opened in New York last week. He further increased pressure on steel management and labor for a hold-the-price-line settlement by appealing to all Americans to let the industry know "we are concerned."

Top Washington officials—in the White House and in Congress—figure the President all but said he could not tolerate a steel price rise following a settlement with the United Steelworkers. In effect, he warned once again that (Turn to page 35, column 4)

Herman Director Finds an Answer To Perplexing Steel Stock Question

Pittsburgh—The question of how much steel is being stockpiled as a strike hedge and how much really is going into current production is one of the key economic puzzles of the day.

The question is perplexing both steel buyers and the steel sellers.

But one veteran statistician, backed by an electric computer, thinks he has the answer. Not only will he attempt to tell you how much steel will be in the hands of users on the June 30 strike deadline, he will even predict how much carbon cold rolled sheet steel will be needed for production of electrical machinery in, say, the state of Illinois, or the demand for alloy cold finished

bars in the manufacture of bolts, nuts in Alabama . . . or Idaho . . . or New York . . . or any other state or even any county in the country.

Furthermore, he not only will predict how much galvanized steel will be consumed by the construction industry for the third quarter of this year, but he will venture to forecast what steel products will be in short or long supply on the June 30 strike deadline and what industries will (Turn to page 36, column 1)

2 P.A. Associations Planning Fellowships On Graduate Level

New York—The campaign of purchasing organizations to set up new educational facilities in the profession has resulted in two university fellowships on the graduate level.

The Purchasing Agents Association of Central Iowa has established a \$2,500 graduate fellowship for 1959-60 academic year at Drake University. The Alabama P. A. Association has announced a \$500 graduate award for study at the University of Alabama.

Recipient of the Drake University fellowship will work toward an M. A. degree in economics with accompanying study in business administration. A joint (Turn to page 23, column 1)

Senate Probes Soviet Laboratory Supplies Sales to U.S. Schools

Washington—The U. S. Senate is now committed to take a look at the "invasion" of Communist scientific equipment into this country with a view toward protecting U. S. interests.

Several Senators, disturbed by the purchase of Russian-made microscopes and other laboratory equipment for U. S. schools at a price about one-fifth of comparable U. S. equipment, have won a plea for hearings on the problem.

Sen. Styles Bridges (R., N.H.) tried to amend an appropriation bill last week to block spending of any federal funds for science equipment from Communist-dominated countries. He pro- (Turn to page 32, column 3)

"Purchasing for Profit" Sessions Becoming Popular with Management

Chicago—Increasing popularity of "purchasing for profit" sessions underscores industrial management's growing stake in purchasing as a money-making function.

These meetings—at which a firm's purchasing and buying personnel are assembled from even the remotest outposts—have gone over with a bang at a number of

companies which tried them this year for the first time. Lasting anywhere from two days to a week, the meetings are considered to be both inspirational and instructional.

The International Mineral & Chemical announced last week it will conduct annual company-wide purchasing conferences as (Turn to page 32, column 4)

This Week's

Purchasing Perspective MAY 11-17

CLIMAX: Years of academic wrangling, millions of words of testimony, and thousands of hours of previous bargaining table argument suddenly have jelled into a moment of truth.

Trapped like kids at an empty cookie jar, two economic giants—steel management and labor—now are on the spot to provide an answer to a national dilemma which they had a major role in creating. Some would call it poetic justice. But the real question is whether they will be able to strip this classic wage-price debate of its tiresome, often conflicting academic trappings and settle it once and for all in the national arena?

The industry entered the negotiations last week expressing an anti-wage increase rigidity rarely, if ever, stated so positively on an opening day in this post-war era of industry-wide bargaining. The union was no less adamant in pressing its demands. There was little immediate cause to ease strike pessimism.

But nearly two months of bargaining lie ahead before strike deadline; and with a determined White House mounting guard (Turn to page 35, column 1)



This index was designed by the McGraw-Hill Department of Economics to serve as an overall sensitive barometer of movements in industrial raw

material prices. The index is not intended to give price movements of specific commodities. The items used are important only in that, together, they re-

fect the current general market trend in sensitive industrials. Weekly prices for most of the items covered are published in "Commodity Prices" below.

This Week's Commodity Prices

	May 6	Apr. 29	Year Ago	% Yrly Change
METALS				
Pig iron, Bessemer, Pitts., gross ton	\$67.00	\$67.00	\$67.00	0
Pig iron, basic, valley, gross ton	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton	80.00	80.00	77.50	+ 3.2
Steel, structural shapes, Pitts., cwt	5.50	5.50	5.275	+ 4.3
Steel, structural shapes, Los Angeles, cwt	6.20	6.20	5.975	+ 3.8
Steel, bars, del., Phila., cwt	5.975	5.975	5.725	+ 4.4
Steel, bars, Pitts., cwt	5.675	5.675	5.425	+ 4.6
Steel, plates, Chicago, cwt	5.30	5.30	5.10	+ 3.9
Steel scrap, #1 heavy, del. Pitts., gross ton	35.00	37.00	31.50	+11.1
Steel scrap, #1 heavy, del. Cleve., gross ton	34.00	34.00	29.50	+15.3
Steel scrap, #1 heavy, del. Chicago, gross ton	32.00	32.00	29.50	+ 8.5
Aluminum, pig, lb	.247	.247	.24	+ 2.9
Secondary aluminum, #380 lb	.218	.218	.218	0
Copper, electrolytic, wire bars, refinery, lb	.311	.313	.245	+26.9
Copper scrap, #2, smelters price, lb	.258	.26	.183	+41.0
Lead, common, N.Y., lb	.115	.115	.12	- 4.2
Nickel, electrolytic, producers, lb	.74	.74	.74	0
Nickel, electrolytic, dealers, lb	.74	.74	.74	0
Tin, Straits, N.Y., lb	1.025	1.029	.950	+ 7.9
Zinc, Prime West, East St. Louis, lb	.11	.11	.10	+10.0
FUELS				
Fuel oil #6 or Bunker C, Gulf, bbl	2.00	2.00	2.25	-11.1
Fuel oil #6 or Bunker C, N.Y. barge, bbl	2.37	2.37	2.65	-10.6
Heavy fuel, PS 400, Los Angeles, rack, bbl	2.15	2.15	2.50	-14.0
LP-Gas, Propane, Okla. tank cars, gal	.045	.045	.04	+12.5
Gasoline, 91 oct. reg. Chicago, tank car, gal	.12	.12	.118	+ 1.7
Gasoline, 84 oct. reg. Los Angeles, rack, gal	.117	.117	.112	+ 4.5
Coal, bituminous, slack, ton	5.25	5.25	5.75	- 8.7
Coke, Connellsville, furnace, ton	15.00	15.00	15.25	- 1.6
CHEMICALS				
Ammonia, anhydrous, refrigeration, tanks, ton	90.50	90.50	90.50	0
Benzene, petroleum, tanks, Houston, gal	.31	.31	.36	-13.9
Caustic soda, 76% solid, drums, carlots, cwt	4.80	4.80	4.80	0
Coconut, oil, inedible, crude, tanks, N.Y. lb	.213	.21	.153	+39.2
Glycerine, synthetic, tanks, lb	.278	.278	.278	0
Linseed oil, raw, in drums, carlots, lb	.16	.16	.175	- 8.6
Phthalic anhydride, tanks, lb	.165	.165	.205	-19.5
Polyethylene resin, high pressure molding, carlots, lb	.35	.35	.325	+ 7.7
Rosin, W.G. grade, carlots, f.o.b. N.Y. cwt	9.85	9.85	9.70	+ 1.5
Shellac, T.N., N.Y. lb	.30	.30	.31	- 3.2
Soda ash, 58%, light, carlots, cwt	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton	23.50	23.50	23.50	0
Sulfuric acid, 66° commercial, tanks, ton	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb	.074	.074	.08	- 7.5
Titanium dioxide, anatase, reg. carlots, lb	.255	.255	.255	0
PAPER				
Book paper, A grade, Eng finish, Untrimmed, carlots, CWT	17.00	17.00	17.00	0
Bond paper, #1 sulfite, water marked 20 lb, carton lots, CWT	24.20	24.20	24.20	0
Chipboard, del. N.Y., carlots, ton	95.00	95.00	100.00	- 5.0
Wrapping paper, std, Kraft, basis wt. 50 lb rolls	9.00	9.00	9.00	0
Gummed sealing tape, #2, 60 lb basis, 600 ft bundle	6.40	6.40	6.40	0
Old corrugated boxes, dealers, Chicago, ton	21.00	21.00	17.00	+23.5
BUILDING MATERIALS				
Brick, del. N.Y., 1000	41.25	41.25	41.25	0
Cement, Portland, bulk, del. N.Y., bbl	4.25	4.25	4.42	- 3.5
Glass, window, single B, 40" bracket, box, fob N.Y.	7.90	7.90	7.00	+12.9
Southern pine lumber, 2x4, s4s, trucklots, fob N.Y., mftbm	126.00	126.00	115.00	+ 9.6
Douglas fir lumber, 2x4, s4s, carlots, fob Chicago, mftbm	141.00	141.00	116.00	+21.6
TEXTILES				
Burlap, 10 oz, 40", N.Y. yd	.098	.10	.102	- 3.9
Cotton, middling, 1", N.Y. lb	.363	.361	.361	+ .6
Printcloth, 39", 80x80, N.Y., spot, yd	.188	.187	.172	+ 9.3
Rayon, satin acetate, N.Y. yd	.27	.27	.27	0
Wool tops, N.Y. lb	1.575	1.58	1.44	+ 9.4
HIDES AND RUBBER				
Hides, cow, light native, packers, Chicago, lb.	.295	.295	.158	+86.7
Rubber, #1 std ribbed smoked sheets, N. Y., lb	.37	.348	.248	+49.2

This Week's

Price Perspective

MAY 11-17

Firming of sensitive commodity prices is not a chance happening.

It reflects both the basic improvement in the business climate—plus continued optimism about the future.

Just how much current business picture has improved can be seen from the latest production and sales statistics. Manufacturing output right now is running a healthy 18% above last year's level. And industrial sales are doing even better—hitting new peaks each month.

As for optimism about the future, all you have to do is take a look at P.W.'s regular quarterly survey of major economic indicators (see p. 4).

With almost all of them pointing up, it's no wonder that purchasing executives are beginning to advance buying schedules now—to avoid bottlenecks later on in the year.

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These two forces of business strength and optimism have been enough to give a smart push to P.W.'s price barometer (see chart above).

In the past 2 months alone, the P.W. indicator has gone up about 5%.

And if you compare it to a year ago, the figures are even more dramatic. Current prices are a sharp 14% above last May level.

Equally significant, the rise has been broad gage. Metals, textiles, rubber, hides, and building materials have all joined the upward trek.

Moreover, it's extending beyond our borders. Global business improvement is setting in motion a world-wide strengthening of raw materials tags.

Reports from England, the Continent and the Far East all indicate gains in the same items that are firming up here.

• • •

Do these spot commodity price increases signal the beginning of a new inflationary spiral?

The answer to this key question—based on all the available evidence—would have to be "no."

This upward commodity movement is typical of a recovery period—and it would indeed be surprising if these volatile tags were not rising.

For the most part the gains stem from a combination of normal supply and demand factors: increased consumption, inventory accumulation, and a mild tightening of supplies in some areas.

Under these conditions, a 5% boost in sensitive commodity prices over a period of a few months is to be expected.

For boosts in these prices to be really inflationary they'd have to start approaching the 1950-51 post-Korean experience. Then, in a period of less than a year, sensitive tags practically doubled.

• • •

If no inflation—then how much of the strengthening in sensitive quotes will seep into the general industrial price level?

Here a somewhat less definite answer can be given. Certainly, with business rising, there will be an increasing tendency to pass through these raw material price increases.

But all this will take time. And based on past experience, full "pass-throughs" are usually limited to areas where business is really booming.

Look at the record. In the last year sensitive prices rose 14%. But average industrial tags show less than a 3% rise over that time.

Even allowing for some acceleration in this price relationship, it's hard to see more than a 2% additional general price rise by year end.

Is U.S. Pricing Itself Out of World Markets?

New York—Are we pricing ourselves out of world markets? A quick glance at U.S. trade statistics would indicate an affirmative answer. But more detailed examination indicates that a combination of factors are slowing down export growth, increasing imports. These current trade developments, whatever their course, have important repercussions on your own operations.

- Cheap foreign imports have opened up new sources of supply.

- Curtailed exports in some cases have adversely affected your own company's over-all sales picture.

- It's a major point in the current bellwether steel negotiations.

The steel industry must look at direct foreign competition in its current bargaining. In 1958, steel imports rose nearly 30% over 1957 while domestic shipments declined some 25%. Because of significantly lower wages, foreign steel products are being delivered in this country at prices below U.S. producer quotations.

For a clearer picture on all these points it is necessary to take a closer look at U.S. trade data (see chart above right).

'58 Peak Year

Exports rose fairly consistently until 1958, when they dipped sharply because of a world economic downturn. Despite signs of a real boom year in 1959, shipments of U.S. goods abroad will only manage just about to equal last year's total. There are a number of reasons behind the failure of world demand for U.S. goods to perk up:

- Inflation here at home, spurred at least partially by sharply rising wages, has been hurting our competitive position in world markets by raising prices of U.S. goods.

- Developments in many areas such as the European Common Market put the stress on home made goods at the expense of products bought from abroad.

- Industrial capacity of many foreign nations, spurred paradoxically by U.S. aid in many cases, means that local manufactured goods are now available in areas which formerly had to import those same products.

- Technological and style developments in many domestic products, notably autos and major appliances, have gone far beyond the current needs and financial ability of a large segment of foreign consumers.

Imports Unhurt by Recession

Imports of the U.S., on the other hand, show almost a directly opposite situation. The chart shows that even the recession in 1958 had only a temporary restraining effect on shipments of goods from abroad. Total imports last year declined only 1.5% from the record high of \$13 billion in 1957. And preliminary figures indicate that 1959 will prove to be another record year for shipments of goods into the United States. P.W. economists expect total imports to reach \$13.8 billion this year, almost 8% above the 1958 level. This expectation is based on three factors:

- Rising U.S. income means an increase in discretionary spending this year. And foreign goods always take a fixed per-

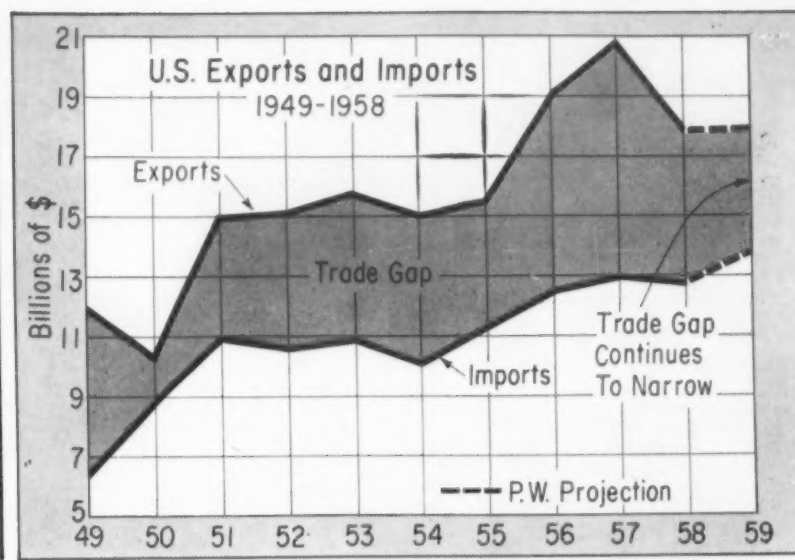
centage of this supernumerary income.

- Rising output abroad continues to increase the availability of goods for export to the U.S. With manufacturers in many European countries having already filled much of their latent domestic demand, they are now turning with increased emphasis to the giant U.S. market.

- A combination of price advantage, "snob" appeal, and simplicity of design has attracted many U.S. business firms and consumers to foreign products.

Rising automobile, machine tool, scientific equipment, and textile goods all come under one or two of these classifications.

The current trend in foreign trade is having a serious effect on the U.S. "trade gap." Note in the chart how the gap has been narrowing since 1957 when it amounted to \$7.9 billion. In 1958 the differential between imports and exports declined to \$5.1 billion and present indications put the 1959 gap at just over \$4 billion, the lowest differential since 1951.



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Washington Perspective

MAY 11-17

Odds are going up that Eisenhower may be able to balance his budget next year after all.

The reason is that government tax revenues are rising sharply with better business conditions and the rise in profits. Secondly, Democratic spending plans are being reined in so that government outlays won't be as high in fiscal 1960 as many thought they might a few months back.

Note in this connection Lyndon Johnson's speech to the Chamber of Commerce recently. The Senate Democratic leader told the businessmen that his party was traditionally in favor of a balanced budget and would prove it by appropriating less than the President requested.

This speech is in sharp contrast to the domestic mood at the beginning of the year. Predictions were freely made at that time that Eisenhower's proposed balanced budget of \$77 billion was unrealistic—that it would go to at least \$81 billion.

It takes a look at the record to appreciate what a business swing does to a federal budget. Administration officials say the budget for this fiscal year ending June 30 will still be in the red by about the predicted \$12.9 billion. Almost two-thirds of this deficit results from the recession-caused declines in government tax receipts. Most of the rest came from Administration and congressional actions to offset declining business.

Now the business cycle is swinging in the other direction bringing in more revenues. One thing that could throw the new budget out of kilter would be for Congress to raise the appropriations for defense spending.

But if it does, Administration officials are letting it be known with no uncertainty that they do not intend to spend any more than the \$41 billion Eisenhower has budgeted for the Defense Department.

A new lever is at work in Washington that would give leeway for a rise in business prices and at the same time ease political pressures on holding the line against inflation.

At first glance, this would seem to be paradoxical—a situation that flies in the face of all the public pronouncements issuing from Washington about the dangers of inflation. But the explanation lies in the curious workings of the political mind and the operations of the Consumer Price Index.

The C.P.I. has become fixed in the minds of politicians and the public as the official barometer of inflation. If the index rises, this is taken per se to mean there is inflation. If it remains stable or declines, then the line is being held, or so the theory goes.

So it is important to understand what constitutes the C.P.I. as well as the special role it plays in the furore over inflation. The C.P.I. can be divided roughly into three equal parts: business goods, services, and farm products.

Here is the point to keep in mind: If one of these segments declines, this would allow the others to rise and still keep the over-all index stable.

And this is exactly what has been happening of late. Farm product prices have been dropping. While services have held steady over-all, tags of business goods have been inching steadily upwards, but the index as a whole has remained steady.

Now the government is predicting a further drop in food prices for the rest of the year. This could work to give business a little more confidence—and elbow room—to hike prices to meet increased costs without bringing down the wrath of politicians.

But this seesaw movement would allow only limited rises; any all-out business price spiral is automatically ruled out except in the unlikely event of a complete farm price collapse.

An Agriculture Department report last week showed that retail prices of farm products dropped only 1% in the first quarter of this year. But it repeated that further drops are forecast this year. And these probably will fall at a somewhat steeper rate with the heavy marketings of spring and summer crops predicted.

There is only one industry in the country to which this political principle does not apply at this time. This, of course, is steel. Washington is pressuring the steel industry hard not to lift its prices.

But don't rule out a steel price rise later this year or some time next year. A change in the climate would take off some of the pressure against price increases.

Upswing to Continue, 10 Out of 12 Indicators Point Up

LEADING INDICATORS	WHAT THEY PREDICT	Current Outlook	Outlook 3 Mos. Ago
P.W. Price Barometer	Imminent changes in over-all demand.	↑	→
P.W. Overtime Hour Index	The urgency of meeting delivery schedules.	→	→
Day's Supply	Future inventory policy and trends.	↑	↑
Ratio: New Orders/Sales	Trend in manufacturing backlogs and hence business activity.	↑	→
Ratio: Stock/Orders	Effect of orders on production schedules.	↑	↑
Business Births	Opportunities available for new business.	↓	↑
Business Failures	Relative health of business community.	↑	↑
Industrial Stock Prices	Wall St. appraisal of business outlook.	↑	↑
Plant & Equipment Spending	Future capital spending plans of the nation's businessmen.	↑	↑
Machine Tool Orders	Business feeling about future economic climate.	↑	↑
Construction Awards	Future over-all construction activity.	↑	↓
Housing Starts	Near-term residential building activity.	↑	↑

Purchasing Week's Business Barometer Up

All Signs Point to Continued Industrial Rise

(Continued from page 1)

might be expected to do if a new super boom were around the corner.

Nevertheless, the current reading is considerably more optimistic than the one taken only three months ago. There was enough improvement to push P.W.'s business clock (see p. 1) over from "good" to "between good and excellent."

Some of the pluses noted over the previous quarter:

- More of the barometers (10 instead of 8) are pointing toward future business gains.

- Improvement in the key building awards area. It allays fears that some slowdown in construction might crop up in the second half of the year.

- The solid jump in the "New Order: Sales" ratio. Three months ago orders were below sales. Latest reading shows them 6% above sales. Result: Production backlogs are again on the rise.

- Sensitive commodity prices—specially designed to pick up early changes in basic demand—are again pointing up. Three months ago they were level.

Blow by Blow Reading

A blow by blow reading for each of these major barometers is condensed in the table above. Along with current last quarter trends, you'll find a short description of what each indicator is designed to show.

Note that all of them are what the economists like to refer to as "leading". In other words they predict or "lead" activity in the given economic area.

Thus, a jump in a particular indicator today telegraphs a jump in some sphere of business ac-

tivity—not today, but several months in the future.

A closer look at the P.W. table shows that the 12 measures taken together, cover practically every major area in the economy. The fact that 10 of them point up is proof positive that current recovery pattern covers the broad economic front.

It's not often you find such unanimity of direction among such diverse indicators. This in itself is a further guarantee of continued recovery. That's because if any one economic area falters, there are 9 or 10 others left to take up the slack.

Whether this unanimity of direction continues is important. For how these indicators of future business trends fare can help you in several ways:

- First it provides a general basis for your own near-term procurement and price planning.

- Second, it gives you a "big picture" approach of current eco-

nomic trends—important bits of information for any type of management operation.

- Finally it supplements current data on production and prices which PURCHASING WEEK reports on every week.

Combined, all this data gives answers to the two basic questions any planning operation needs: Where are we now? And where are we going?

In using this table of barometers, keep in mind that most of these measures have been adjusted for seasonal fluctuations. Thus, if you note a rise or fall from three months ago, it is a real one and not merely one due to the usual seasonal economic factors.

For example, in winter new housing starts always tend to fall. But the data analyzed here takes that into account. They reflect the "true" trend in housing starts—one corrected for necessary winter work stoppages.

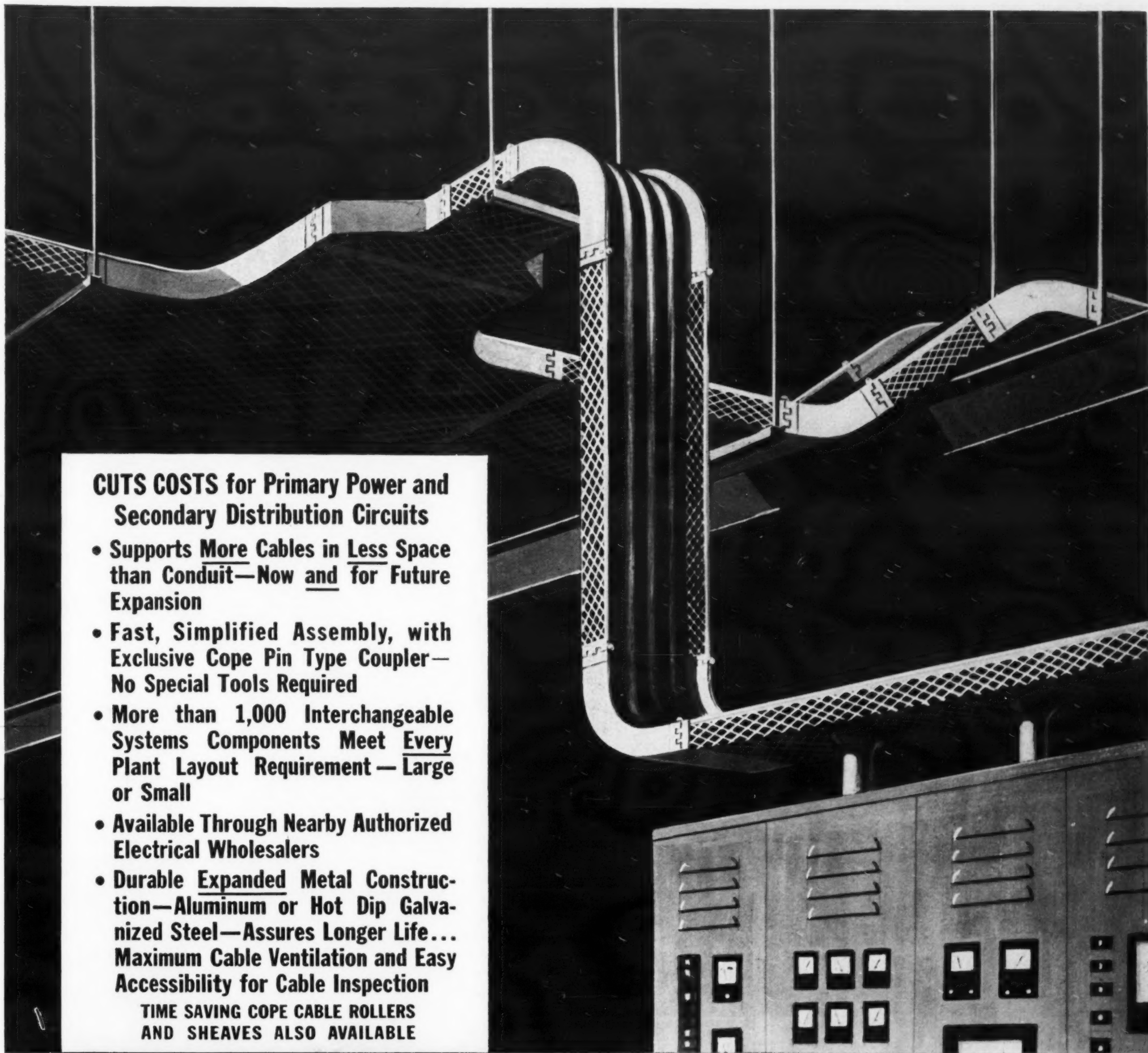
Weekly Production Records

	Latest Week	Week Ago	Yr. Ago
Steel ingot, thous tons	2,668	2,627*	1,334
Autos, units	119,034	133,987*	78,434
Trucks, units	26,290	26,987*	17,817
Crude runs, thous bbl, daily aver	7,702	7,705	6,227
Distillate fuel oil, thous bbl	12,375	11,543	11,037
Residual fuel oil, thous bbl	6,552	6,401	6,298
Gasoline, thous bbl	27,141	27,389	24,892
Petroleum refineries operating rate, %	79.6	79.7	77.1
Container board, tons	165,344	154,151	109,651
Boxboard, tons	155,318	150,313	126,677
Paper operating rate, %	94.7	95.6*	88.1
Lumber, thous of board ft	249,052	255,666	226,463
Bituminous coal, daily aver thous tons	1,343	1,331*	1,180
Electric power, million kilowatt hours	12,546	12,538	11,251
Eng const awards, mil \$ Eng News-Rec	403.3	411.0	380.6

*Revised

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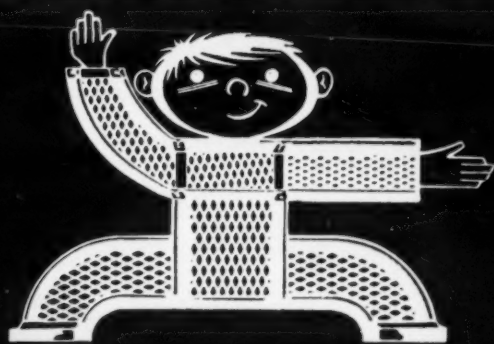
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Battery-Powered Trucks, Cars Gain Markets

Cleveland—Electric truck and car producers are almost ready to battle combustion-engine car makers for a share of the nation's market. Battery-powered trucks are now back on the road. Cars are scheduled to follow this summer.

With seven in or about to enter the field, electric-vehicle producers still have at least one big drawback to overcome. Batteries now need recharging after about 80 miles.

Already Operating

Lightweight delivery trucks already are operating in Ohio and Illinois. An Ohio firm—Cleveland Vehicle—has delivered 46 of its first 50 trucks to bakeries and newspaper and magazine routemen. And C.V. claims operating savings of 60 to 75% over gasoline engines and reduced route time because of quicker acceleration and pickup.

C.V.'s president, Walter Thomas, who designed and nursed the truck through a two and a half-year development period, says his customers are enthusiastic about low maintenance costs and fuel savings of approximately 40%. He put annual cost of electricity to charge the battery at \$140 to \$200.

Battery Weight 2,000 lb.

The truck weighs about 3,000 lb. with average battery weight at 2,000 lb. Cruising at five forward speeds, it can do 30 mph. in a 90-mile radius. Its power comes from a 44-cell, lead-acid type of storage battery. Average battery cost is \$1,200 with four chargers available ranging from \$300 to \$800.

C.V. also has a car in its laboratory with a lighter battery to increase range. It is scheduled to go on the market by June.

Stinson Aircraft Tool & Engineering Co., San Diego, Calif., also has completed a production model of its "Charles Town-About" which is scheduled for nationwide distribution in 1960. Its top speed has been increased from 58 to 90 mph.

With a body constructed of both plastic and metal, the Town-About is 164 in. long, 60.5 in. wide, and 57 in. high. Stinson hopes to sell its car for \$2,000 to \$2,400.

Its first 500 cars will go on sale in the San Diego area, another 500 in Atlantic City, N. J., 1,000 in the Los Angeles area, and 150 in Hawaii.

After inspecting Stinson's plant, H. Drake Harkins, a director at Atlantic City Electric Co., told his firm to back Stinson's car to the hilt. Sixty-one other utilities firms have placed 95 definite orders and 35 tentative orders.

Dr. Jacques Bolsey, who invented the Bolex home movie and Bolsey still-camera equipment, has designed what he calls the "true American second car."

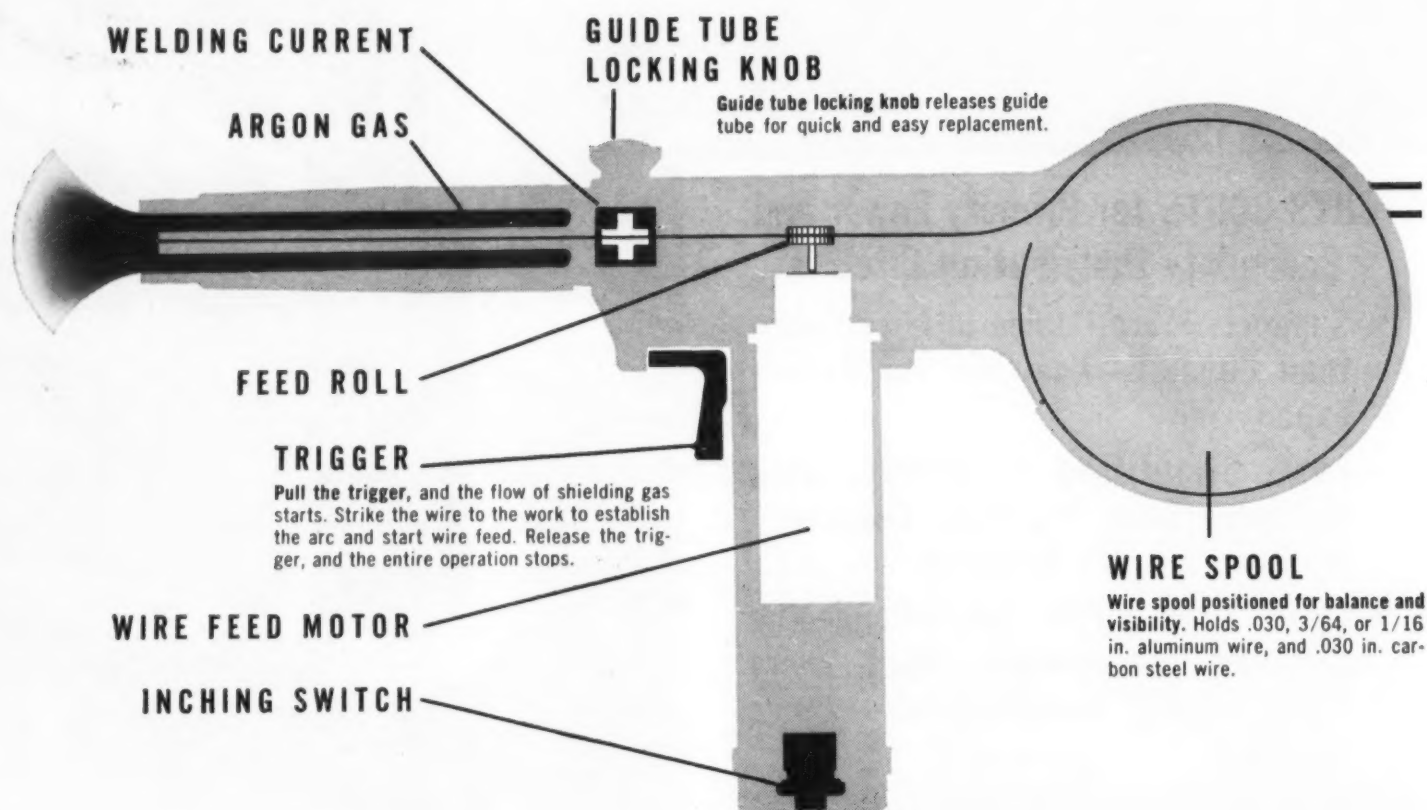
Bolsey's electric car has gone no further than the design stage, because he lacks financial backing. Electric Equipment & Engineering Co., Denver, Colo., will have conversion kits out this summer to convert Plymouths, Chevrolets and Fords to electric power. It has converted a 1955 Chevrolet which has a speed of 45 mph. A 5 hp. motor replaces the engine and transmission.

Two combustion-engine producers have entered the electric car field. They have ordered research on electric autos. Chrysler Corp's Desoto division is one and American Motors Corp. the other.

LIGHTWEIGHT battery-powered trucks, like this milk-route one, already are in fleet operation in states of Ohio and Illinois.



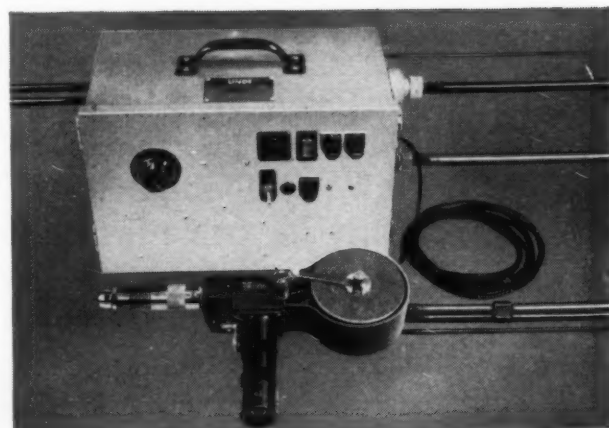
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Find out how Linde's new "Sigmette" torch can speed your operations, bring new economies through its advanced design features. For a free demonstration and detailed information, mail the coupon today or call the nearest Linde Office.



Complete unit—torch weighs 3 pounds, 1 oz.; control weighs 19 pounds, 2 oz.; Current rating, 125 to 200 amp.; Welding power, direct current reverse polarity

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Division of Union Carbide Corporation
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☐ Please arrange to let me try it.

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*"Linde", "Sigmette" and "Union Carbide" are trademarks of Union Carbide Corporation.

Linde **UNION CARBIDE**

Flying Tiger Increases Transcontinental Flights

New York—The Flying Tiger Line made another major expansion of its transcontinental service last week when it started the first non-stop all-cargo flight from San Francisco to New York.

The expansion also included direct overnight service to San Francisco from New York and Chicago. This will replace service formerly routed via L.A.

The new service, the line said, will give shippers two daily non-stop flights off the West Coast. Last fall, Flying Tiger started the first non-stop schedule from Los Angeles to New York.

Railroad Spokesman Sees Savings If Transportation Could Diversify

David Mackie, Chairman, Eastern R.R. Presidents Conference, Noted Three Areas for Improvement

Cleveland—A leading railroad spokesman foresees tremendous economic advantages for shippers and the consuming public alike if all forms of transportation—air, highway, water, and rail—had the right to diversify.

David I. Mackie, chairman of the Eastern Railroad Presidents Conference, told the Cleveland Traffic Club that the benefits would accrue from "elimination of duplicate facilities, improved service, and lower costs." He noted three areas specifically:

- Ability of a shipper to arrange through one manager the complete and efficient service he needs.

- Availability of complete service even when plant of a firm receiving merchandise is outside the limits of a railroad station terminal area.

- No further need for separating restricted and unrestricted shipments when a combination of intrastate and interstate freight is offered (intrastate shipments not being affected by I.C.C. restrictions).

Detailing the broad diversification in other industries, Mackie pointed out that "while diversification has been the watchword of the nation's industrial growth, it has been seriously curtailed in the transportation industry."

Spector Plans to Buy Wisconsin Freight Co.

Chicago—Spector Freight System, Inc., one of the nation's largest motor freight common carriers, plans to extend its long haul operations through the acquisition of Steffke Freight Co., Wisconsin.

Spector has filed a request with the I.C.C. for temporary authority to control through management the operations of Steffke and for permanent authority to control the carrier through purchase of all of its capital stock.

Steffke has authorized routes in Wisconsin, Indiana, Iowa, Illinois, and Minnesota, operates 20 terminals in those states, and has a fleet of about 900 trucks.

W. Stanhaus, president of Spector, said the addition of Steffke's authorized routes to those already served by Spector in the five states involved will integrate his firm's operations in an area of growing economic importance.

Northwest Airlines Sets Daily Freight Schedules

New York—Northwest Airlines has started a DC-6B transcontinental freight schedule that operates daily between New York, Detroit, Milwaukee, Minneapolis, Portland, and Seattle.

The new flights are part of Northwest's stepped-up spring and summer schedule. The service connects with the line's twice-weekly DC-6 all-cargo flights between Seattle and Tokyo.

Now Handles Stainless

Seymour, Conn.—After 80 years of nonferrous metal manufacturing, Seymour Mfg. Co. has entered the stainless steel field. The company announced it is now producing stainless steel strip and has the product readily available in finer gages.

Scovill's Copper Tube Mill Begins Production

New Milford, Conn.—Scovill Mfg. Co. swung into production at its new \$10 million brass and copper tube mill here last week. The building is a modernization and expansion of the company's old Waterbury tube mill.

The mill allows Scovill expansion of its copper pipe and tubing line to include plumbing, heating, and air conditioning applications. Heat exchanger and brass alloy tubing previously made at Waterbury is now manufactured here and manufacture of alloy tubing in lengths up to 100 ft. Previous limit was 40 ft.

Located on a 72-acre site, the

main building is 1,150 ft. long and covers an area of almost 300,000 sq. ft. The mill can produce copper tubing in straight lengths up to 200 ft.

Garrett Handling Sales

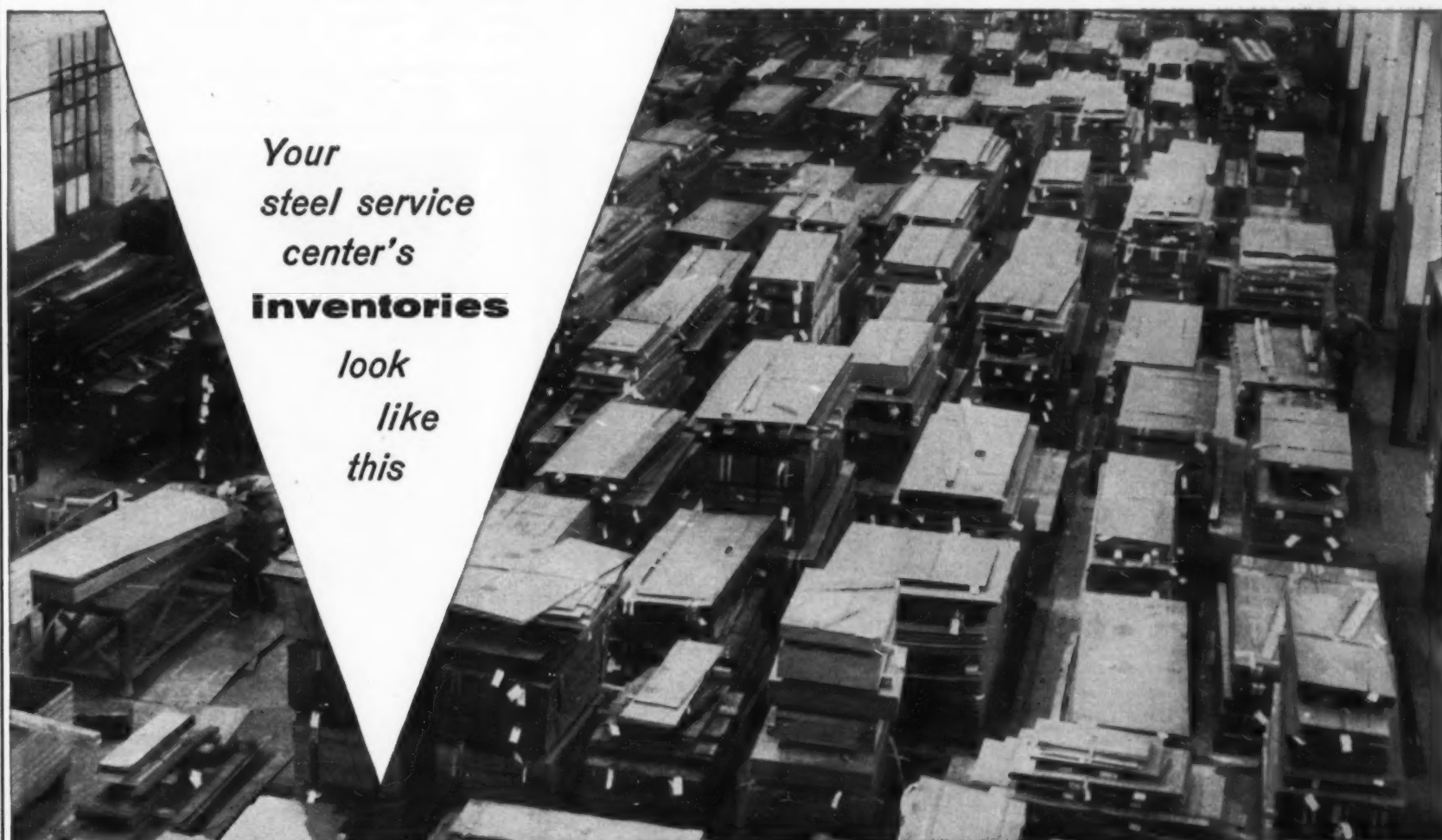
Los Angeles—Garrett Corp.'s engineering and air supply divisions will handle sales for Elgin National Watch Co.'s miniature elapsed time indicator. The indicator studies reliability and functions of electronic and electro-mechanical equipment, and other devices.

Permanente Cement Co. Erecting Hawaiian Plant

San Francisco—Permanente Cement Co. will erect a \$12-million, dust-proof cement manufacturing plant in Hawaii.

At the same time, Permanente plans to expand its Honolulu distribution plant by 43%, raising storage capacity to 125,000 bbl. Trucking facilities also will be expanded.

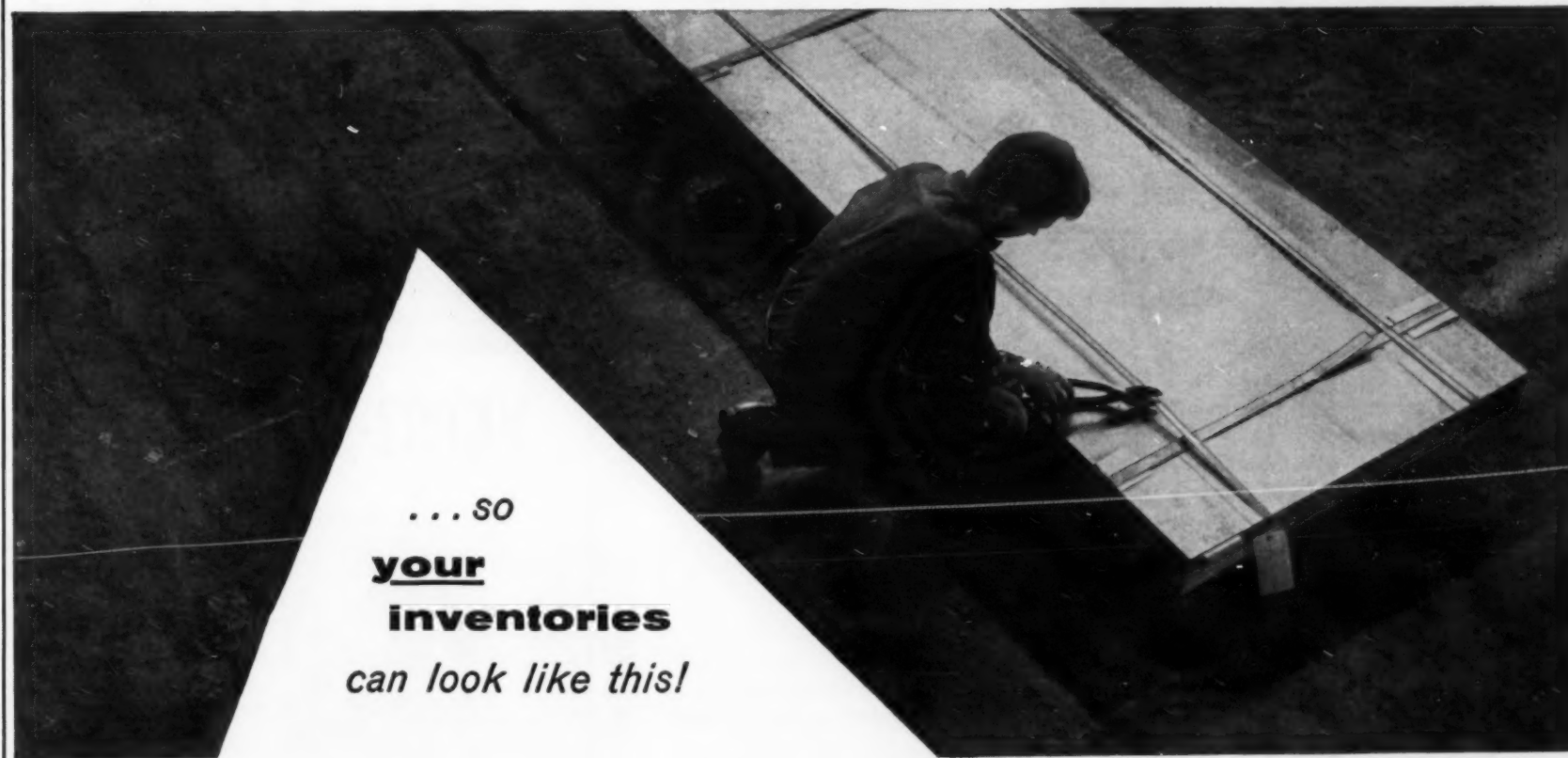
Permanente faces competition in Hawaii from the recently-formed Hawaiian Cement Corp. which announced plans to erect a \$12 million plant with an annual capacity of 1 million bbl.



Your
steel service
center's
inventories

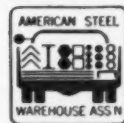
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Photos courtesy of The Universal Steel Company



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inventories
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Meetings You May Want to Attend

First Listing

Institute of Surplus Dealers—Fall Trade Show, New York Trade Show Building, New York, Aug. 16-18.

Previously Listed

MAY

National Association of Educational Buyers — Annual Convention, Hotel Fontainebleau, Miami Beach, Fla., May 11-13.

American Mining Congress — Coal Show, Public Auditorium, Cleveland, May 11-14.

Triple Industrial Supply Convention—Dallas, May 13-15.

International Petroleum Exposition—Tulsa, May 15-24.

National Office Management Association—Office Machinery & Equipment Exposition, Municipal Auditorium, New Orleans, May 25-28.

JUNE

National Plumbing and Heating Exposition—Exposition Hall, Miami Beach, Fla., June 1-4.

Fifth World Petroleum Congress Exposition—The Coliseum, New York, June 1-5.

Canadian Association of Purchasing Agents—34th Annual Conference, Banff Springs Hotel, Banff, Alberta, June 5-7.

The Material Handling Institute — 1959 Exposition, Public Auditorium, Cleveland, June 9-12.

Fourth International Automation Exposition and Congress—Coliseum, New York, June 9-13.

National Association of Purchasing Agents—44th Convention and Inform-A-Show, Waldorf-Astoria Hotel, New York, June 14-17.

AUGUST

Western Packaging and Materials Handling Exposition—Civic Auditorium, San Francisco, Aug. 11-13.

Western Electronic Show and Convention—Pan Pacific Auditorium, Los Angeles, Aug. 19-22.

SEPTEMBER

Society of Automotive Engineers—Farm Construc-

tion and Industrial Machinery, Production Forum and Engineering Display, Milwaukee Auditorium, Milwaukee, Sept. 8-11.

Sixth International Packaging Exhibition — Olympia, London, Sept. 8-18.

National Chemical Exposition—International Amphitheatre, Chicago, Sept. 9-12.

Purchasing Agents' Association of Baltimore—Office Equipment and Business Machines Exhibit, Emerson Hotel, Sept. 15-17.

Iron and Steel Exposition—Cleveland Auditorium, Cleveland, Sept. 23-26.

National Association of Purchasing Agents, 2nd District—13th Annual Southwest Purchasing Conference, Tulsa, Sept. 24-25.

British Purchasing Officers Association — 1959 Annual Conference and "Minibition," Folkestone, Kent, Sept. 24-26.

National Association of Purchasing Agents, 1st District—13th Pacific Intermountain Purchasing Conference, Claremont Hotel, Berkeley, Calif., Sept. 25-26.

National Association of Oil Equipment Jobbers—Annual Convention and Trade Show, Hotel Leamington, Minneapolis, Sept. 27-29.

OCTOBER

National Association of Purchasing Agents, 7th District—16th Annual Conference, Read House, Chattanooga, Tenn., Oct. 11-13.

National Institute of Governmental Purchasing—14th Annual Conference and Products Exhibit, Hotel Sheraton Cleveland, Cleveland, Oct. 11-14.

National Industrial Packaging and Handling Exposition—International Amphitheatre, Chicago, Oct. 13-16.

National Association of Purchasing Agents, 9th District—Purchasing Conference, Sheraton-Kimball Hotel, Springfield, Mass., Oct. 15.

American Standards Association—10th National Conference on Standards, Sheraton-Cadillac Hotel, Detroit, Oct. 20-22.

NOVEMBER

Milwaukee Association of Purchasing Agents — 1959 Products Show, Milwaukee Auditorium, Milwaukee, Nov. 10-12.

National Retail Lumber Dealers Association—6th Annual Building Products Exposition, Cleveland, Nov. 14-17.

Packaging Machinery Manufacturers Institute — 1959 Show, Coliseum, New York, Nov. 17-20.



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STAYS STRONG WHEN WET! It's **M/R** moisture-resistant corrugated developed by H & D.

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DM-89-03

DELUXE

Doris L. Geil Boosts Purchasing As Satisfying Career for Women

St. Louis—Do women make good purchasing executives? Broderick & Bascom Rope Co. feels it has living proof to the affirmative in the person of Doris L. Geil—in purchasing for 25 years and with this company for the past 15 years.

Mrs. Geil recently gave a career in purchasing a boost to fellow members of Zonta, a service club of executive and professional women. She was one of twelve who described her profession and told why she liked it in an article in the Association's publication, "Zontian."

What woman wouldn't like my job?, Mrs. Geil asked, pointing out that she spends her days shopping with the authority and responsibility of spending about \$6 million annually. "Perhaps it's not the kind of shopping most women dream about," she wrote, "but still it's a natural for my sex since every woman enjoys spending money." Her purchases include steel bars, flats, and wire—basic supplies of all types.

Mrs. Geil believes purchasing has really come into its own only in recent years. Now it has taken a place in management right beside sales and engineering and has been recognized as a specific career. The field, she says, offers good opportunity for executives and can be entered with or without a college education.

In explaining her occupation to business women, Mrs. Geil said purchasing offers any enterprising person a definite challenge. It is not routine work; every day is different and brings new problems to solve and new developments to learn about.

Sun Oil Official Hits Governmental Policy

Philadelphia—Sun Oil president Robert G. Dunlop declared last week that there is "no justification whatsoever" for the federal government to police oil prices.

Government price-policing attempts "are an illusion and a snare that never work for long," Dunlop declared in criticism of the government's current mandatory import quota restrictions on the petroleum industry.

The Sun Oil president urged that foreign imports be reduced instead by appropriate tariffs.

When the government imposed mandatory oil import quotas last month, the office of Civilian and Defense Mobilization was directed to watch the program carefully to determine whether price increases which might develop are valid. It would be a "serious mistake" to regard this activity by the O.C.D.M. as a "meaningless gesture," Dunlop warned.

"In our opinion," he said, "it portends serious consequences for the oil industry, consumers of petroleum products, and the national defense."

Dunlop recalled that Sun Oil asserted three years ago that the "most practical, the easiest to administer, and the fairest way" to curb oil imports would be through heavier tariffs. This would put all sellers and buyers of foreign oil on "an equal footing" and restore "certainty and clarity to the situation," Dunlop said.

Dunlop complained that oil men now must "give consideration to bureaucratic desires and the demands of political expediency." They should remain free, he said, to determine product prices "primarily in response to supply, demand, and other competitive factors."



DORIS L. GEIL, P.A. for Broderick & Bascom Rope Co. for the past 15 years, lauded purchasing as a career in a "Zontian" magazine article.

N. Y. State Publishes Industrial Directory

Albany, N. Y.—Purchasing agents and other businessmen requiring current data on the manufacturing facilities and products available in New York State now can utilize a new edition of the "Industrial Directory of New York State."

The 964-page directory contains information on some 45,000 New York manufacturing and mining firms. State Commerce Commissioner Ronald B. Peterson said its format is designed with firms listed alphabetically by industry, and location.

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lubricants,
for
example



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Purchasing Week

330 West 42nd St., New York 36, N. Y.
McGraw-Hill's National Newspaper of Purchasing

Vol. 2, No. 19

May 11, 1959

Print Order This Issue 25,973

P.A.'s Are Ripe for 'Transitional Disease'

THERE's an interesting similarity between growing up physically and growing up in business. When we're children we are susceptible to some ills that rarely afflict us when we become adults. It's for this reason that such illnesses are referred to as childhood diseases.

When we're young and inexperienced in business we're susceptible to some "childhood" business diseases, too. For example, too often we are willing to gamble without knowing what the results could be; sometimes we procrastinate in making decisions; we rely too much on others or, just the opposite, we fail to learn from others' experiences.

Most such business ailments we leave behind us as we move up the business ladder; as we gain experience we keep authority and responsibility running tandem, we make decisions within the authority guides established by our "bosses"; we study the operations of others and learn from them. In short, we grow up.

Purchasing men, for the most part, have "grown up." But, although they no longer are vulnerable so far as childhood ills are concerned, they can, and many do, fall victim to a transitional disease, delegation. All during your "youth" in business, you hear the bromide "when you're an executive the thing you have to learn to do, is delegate." So, when you move into a management job, the obvious thing to do is to "delegate," get rid of annoying details, let somebody else perform them.

This is an illness that is fatal to many a newly crowned management man. This is the very difference that was stressed recently when Field Marshal Montgomery was interviewed on a filmed television program the other night. Marshal Montgomery emphasized that it is not enough to assign someone to do something. As I recall the Marshal's statement, it was:

"It is not enough to tell somebody to do something. You then have to make sure he does it."

Put another way, it's a question of "delegating" but not "abdicating." It is important that you take time to think, then you delegate work. But if you don't check to see that you are getting results, you sure can't measure those results.

Unfortunately, this "transitional" illness is not one that a good vitamin pill will cure; the only way you'll outgrow it is to lick it.

Ray Barnett
EDITOR

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Your Follow-Up File

On P.A. Recognition

Philadelphia, Pa.

We enjoyed reading your editorial ("Greater Recognition? We've Got It," April 27, p. 10) on recognition of the purchasing agent.

This editorial was one of the rare times we have seen anything other than the constant pleas of many purchasing agents' of "Please Mr. Manager give us more recognition."

At a recent meeting, I listened for almost three hours while several speakers complained that the poor purchasing agent was the downtrodden man of the organization, and management didn't recognize his position.

This was the most depressing meeting I ever attended; in fact, I left feeling sorry that I had gone into purchasing as a career.

After attending such a meeting, it is refreshing to read an editorial like yours, which takes an 180 degree approach in which the purchasing agent has the stature and should take the ball and run with it.

H. J. Baker
Purchasing Agent
C. H. Wheeler Mfg. Co.

Article an Eye Opener

Minneapolis, Minn.

Thank you for the three copies of the April 20 issue with my article on ("How to Improve Your Interview Technique" p. 14).

One interesting sidelight that I found was a great interest in PURCHASING WEEK on the part of our general management group, as a result of the article.

Many of them had considered it a more narrowly oriented publication and were interested in such things as your article on the Seaway ("Seaway a P.A. Question Mark; Wait-See Attitude Prevalent," p. 1) which is a very hot item in Minnesota, and the column "Purchasing Perspective" (p. 1) with its article on productivity and the wage-price conflict, which is of great general management interest.

I think it opened their eyes to the fact that purchasing is really a broad economic field, broader than they had perhaps suspected.

George S. Odiorne
Assistant Director
Department of Personnel
Administration
General Mills, Inc.

Chicago, Ill.

We feel this article should be given to each of our top purchasing people, so we are requesting 15 additional copies.

J. R. Fritzmann
Office Manager
Purchasing Department
Motorola Inc.

Wants Duplicating Reprint

Monongahela, Pa.

Several weeks ago, you carried an item covering comparisons of copying machines ("There Are Many Methods of Meeting Your Duplicating Problems," March 30, p. 12). We have lost our copy and have had a call for recommendation of a new machine.

We would appreciate a tear sheet of this.

J. M. Henderson
Manager of Purchasing
Monongahela Division
Combustion Engineering, Inc.

P.W. Indexes Requested

Las Vegas, Nev.

We would appreciate receiving a copy of your 1958 P.W. index. Such an index will prove of help to all concerned.

Thomas A. Mulroy
Assistant Superintendent
of Purchasing and Stores
Bonanza Air Lines

Washington, Mich.

Kindly send me a copy of your editorial index.

I find your magazine very helpful in my work and it is always interesting to all who read it.

James C. Wade
Purchasing Agent
Hamill Mfg. Co., Inc.

Marysville, Ohio

I feel that there will be value in this index to me and would like very much to have a copy.

S. V. Chamberlain
Purchasing Agent
Scotts

• Copies are still available. If you would like one, drop a line to The Editor, Purchasing Week, 330 West 42nd St., New York 36, N. Y.

Readers Request Reprints

Westbury, L. I., N. Y.

Please send me three reprints of "Purchasing Manuals Have Many Values" (Part I, Mar. 9, p. 14; Part II, Mar. 6, p. 8; and Part III, Mar. 23, p. 12).

A good thing loaned is never returned. One of the above I expect to hold on to for dear life.

Robert J. Messina
Purchasing Agent
Dynamic Instrument Corp.

Rome, N. Y.

I read in a recent issue that a reprint of the three articles on purchasing manuals is available. May we have a copy.

E. P. Isom
Assistant Purchasing Agent
Rome Division
Revere Copper & Brass, Inc.

To Our Readers

This is your column. Write on any subject you think will interest purchasing executives. While your letters should be signed, if you prefer we'll publish them anonymously.

Send your letters to: "Your Follow-Up File," PURCHASING WEEK, 330 West 42nd St., New York 36, N. Y.

PURCHASING WEEK Asks You . . .

What in your opinion is the most important factor in maintaining good supplier relations?

Asked at: 22nd Annual Pacific Northwest Purchasing Agents' Conference, Seattle



Arthur Nursey
Marwell Construction Co., Ltd.
Vancouver, B. C.

"It is 'mutual trust.' Two heads are better than one and both buyer and supplier can benefit and solve common problems successfully only when a clear-cut policy of good faith is present. The purchasing agent must be willing to spend some time with suppliers, cultivating them, making them believe they are truly valued. Only when the supplier feels his service is appreciated will he really work to assist the buyer. All suppliers must be treated fairly and equitably, giving them a fair opportunity to compete for business."

H. S. Beetham
Northwest Metal Products, Inc.
Kent, Wash.

"Frame of mind is the important factor. The buyer must recognize that he needs the seller as much as the seller needs the buyer. There's no such thing as a one-way street in the traffic between buyer and seller. When this fact grows into a frame of mind, all the other factors fall into place and a healthy buyer-seller relationship is assured."



J. O. Bach
Olympia Brewing Co., Olympia, Wash.

"In dealing with suppliers, our company strives to employ honesty, fair play, cooperation, loyalty, friendliness, and consideration. To a supplier, this last is extremely important since it not only embodies parts of the other factors but implies that we are just in our demands, allow ample lead time on all orders, prevent last-minute cancellations, conserve the salesman's time and pay all invoices promptly. Often these are thought of only in terms of the buyer's convenience and a great deal can be done to cement relationships with the supplier if he is given every consideration."

H. W. Thetford
Educators Mfg. Co., Tacoma, Wash.

"The most important factor is goodwill. The purchasing agent is the ambassador from his company to all his suppliers. He can promote goodwill by being fair and honest in all his dealings, being genuinely interested in the other person and his product, being receptive to his supplier's problems and being a friend instead of a machine that passes out purchase orders."



E. A. Johnson
Scott Paper Co., Everett, Wash.

"Isolating any one ingredient of a wholesome buyer-seller relationship and designating it as most vital is extremely difficult, but I believe there is a basic principle which perhaps contributes most to its success. This is the determination to do as nearly as possible that which is right, i.e., to secure for one's firm the best possible results and at the same time being just and fair toward the other firm involved. With this attitude on the part of both buyer and seller, business can be conducted in a spirit of confidence."

Fred Wall, Jr.
Georgia-Pacific Corp.
Portland, Ore.

"Certainly one of the most important factors in maintaining good supplier relations is to deal honestly, fairly and 'above board' with your vendors at all times. Win or lose, this philosophy will guarantee the utmost in service and competitive bidding in all transactions with your suppliers."



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2 Buying Bills Before Oklahoma Legislature

Competitive Bid Bill Bars Brand Specification Other Bill Centralizes State Highway Purchasing

(Continued from page 1)
chases to be made on specifications, passed the Senate with ease and is now awaiting House action.

The bill stipulates that no agency can require purchases by brand name with insistence on no substitutes. "It's almost impossible at present to get competitive bids," explained Sen. Robert Breeden, author of the bill, "because these state agencies name a brand and write in 'no substitutes'."

Regulations Lax

Sen. Herbert Hope also remarked present regulations are so lax it is possible for any

agency to purchase "Del Monte peaches grown in northern California" if they desire.

Strongest opposition to the bill came from mental health forces. Sen. Robert Bailey tried to amend the bill to eliminate drugs and medicines. He said many drugs used in mental hospitals cannot be substituted.

This was refuted, however, by Sen. Louis Ritzhaupt, a physician, who said it was what was in the drugs, not the brand, that counts.

Another bill aimed at improving state purchasing has not fared so well. This bill, introduced by Gov. J. Howard Edmondson himself, would centralize pur-

chasing for the state's highway programs, and eliminate alleged waste, inefficiency, and corruption in the county commissioner system, according to Governor Edmondson.

County Department System

Under this system, each of the 77 counties has a three-member commission and each commissioner has his own road department for his district, making a total of 231 separate highway departments.

The Governor's bill proposes that the state taking over the spending of \$29 million now being handled by county commissioners for highway programs and that the money be spent in the counties but through state facilities.

Edmondson feels much money could be saved, especially through central purchasing in great quantities by the state. The measure has met strong and bitter opposition.

J. O'Donnell in New Dual Wyoming Post

Cheyenne, Wyo.—The State Board of Supplies has named James C. O'Donnell of Cheyenne, Wyoming State purchasing agent and assistant budget officer.

These two jobs were consoli-



JAMES C. O'DONNELL

dated by the 1959 legislature. O'Donnell succeeds E. C. Rothwell as purchasing agent and Richard O. Hall as assistant budget officer.

Since Jan. 1, O'Donnell, former purchasing agent for Frontier Refining Co., Rawlins, had been a legislative assistant to Gov. Joseph Hickey. Under state law the governor is also the state budgeting officer.

Texas Law Discourages Non-Competitive Bidding

Austin, Tex.—Gov. Price Daniel has signed a bill aimed at discouraging non-competitive bidding on public contracts.

The new law stipulates that contracts of cities, counties, and districts shall be awarded by lot when low bids on an item are identical.

Identical bidding has been common on certain products offered to government agencies in Texas, including electric transformers, chlorine, oyster shells, and other items. Some Texas cities have followed the practice of rotating their awards when identical bids were received on bid items.



'Pigeon Teletype' Speeds Customers' Orders

Hawthorne, Calif.—Customers of the Community Auto Supply Co., a local automotive parts distributor, have an ordering system that's literally for the birds.

The unique line of communications set up by Joe Kestler, below right, who heads the Dayton Rubber Co. distributorship, is called "pigeon teletype"—and that's just what it is.

Each morning, Kestler's son, Jerry, drops off some 17 homing pigeons at the shops of customers. During the day, the customers make out their parts order and attach it to the bird's leg. At the rate of about one minute per air mile, the pigeon flies home to its coop at Community Auto Supply.

Kestler insists his pigeon drop "teletype" is no mere gimmick. He claims it gives his customers the fastest parts service in the Los Angeles area and saves them money on phone tolls besides.

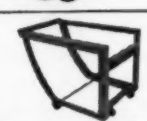
In the sprawling beach area in which Community Auto Supply is located, he says most of his messages would be toll calls.



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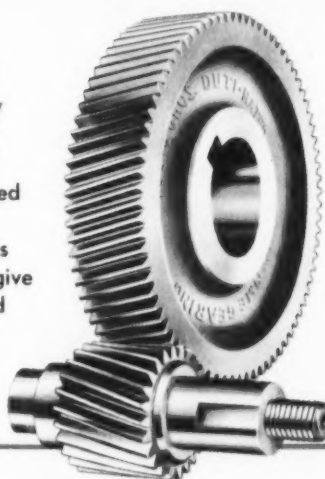
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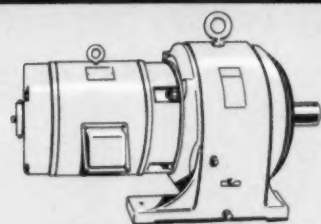
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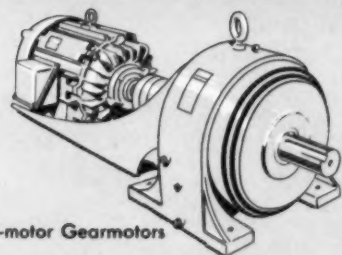


Positive Oil Seals

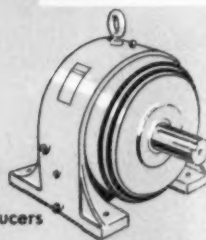
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seal with slinger and
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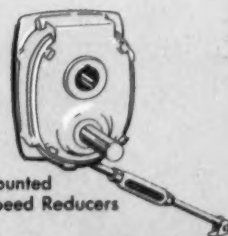
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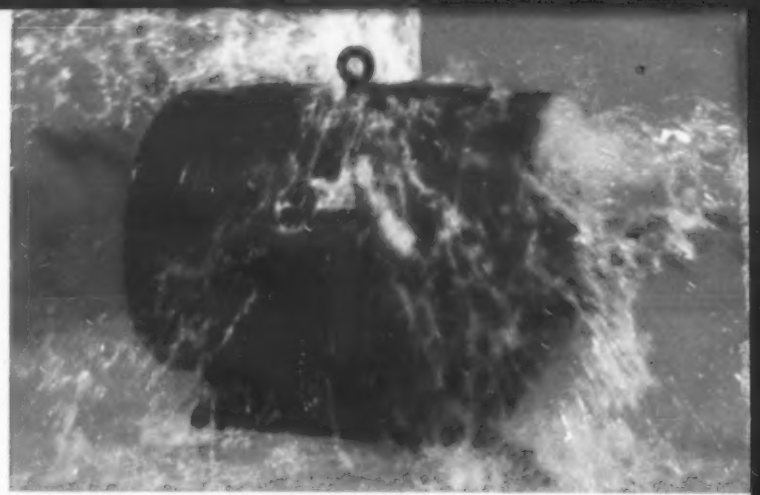


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These motors give the double protection of corrosion-resistant cast iron frames and drip-proof enclosures that are so well designed that they can be used in many applications that formerly required splashproof motors. Available with ball bearings, or with high load carrying capacity sleeve bearings for extra quiet operation. Write for Bulletin MU-223.

1 TO 125 HORSEPOWER - 1750 RPM - 40° C - NEMA FRAMES 182 THROUGH 445U

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If you need motors that will keep production rates up . . . that will give you the continuity of service you want . . . that will operate with complete dependability under the most severe conditions in their specific applications—use Wagner Protected-Type Motors. These motors pack extra power into little space, are light in weight, and are easy to maintain.

Let your Wagner Sales Engineer show you how these protected motors can bring you savings in initial motor costs, maintenance costs, and in continuity of operation.

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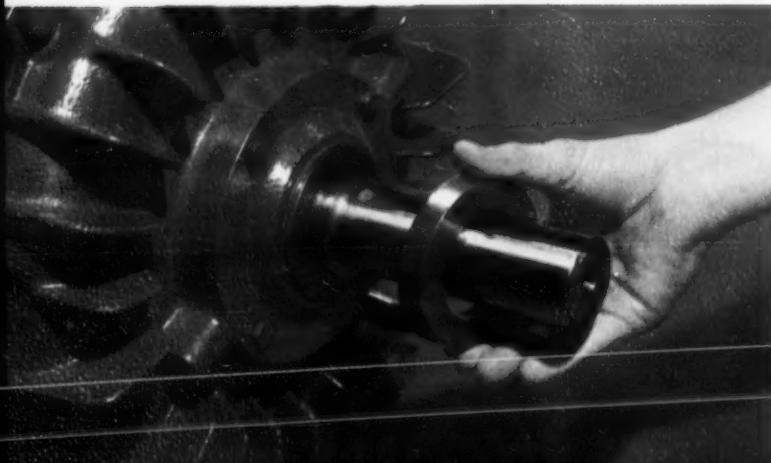
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**TYPE EP · Extra Protected
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Wagner Type EP Motors are totally-enclosed, fan-cooled—for complete protection against dust, abrasives, fumes, steel chips or filings. Type JP is explosion proof as well—designed and approved for use in explosive atmospheres. Cast iron frames protect against corrosion and ribs on the frames add mechanical strength and increase the surface cooling area. Effective cooling system adds to motor life. Write for Bulletin MU-224.



SECURELY SEALED FOR LOW MAINTENANCE. Both ends of these motors have running shaft seals to keep the heavy duty bearings clean. Bearing housings are effectively sealed to prevent escape of grease. Openings are provided to permit relubrication that adds years to motor life under severe conditions.



from a psychologist's* viewpoint



Running a purchasing office—or letting it run you—can be frustrating at times. Dealing with all types of people everyday is perhaps no where so concentrated as at the P.A.'s desk.

How to deal with them, to get through the day without blowing up over constant irritations is a management problem. Some companies now employ staff psychologists to aid P.A.'s and other harried executives in meeting the strains of such busy days. Some even employ psychiatrists for solving emotional employee problems accentuated by busy office conditions.

As reported in *PURCHASING WEEK* earlier (Aug. 25, '58, p. 14), business tensions are often the result of immature or inadequate reactions to personal pressures. If P.A.'s don't feel equal to the hard work of their job, the result may show up as indigestion, headaches, undue fatigue, or other emotional reactions. But as Dr. Harry Johnson of Life Extension Examiners pointed out in the earlier article: "Jobs are never tense; people are."

To help you understand some of these tensions, *PURCHASING WEEK* went to Dr. Francis Dowd of Rutgers University, a speaker familiar to purchasing groups. As a student and consultant on industrial psychology, he has offered helpful answers. He is speaking to those who "have trouble adjusting to situations as they are instead of as they should be." For those requiring help on mental health problems of an organic nature he suggests a psychiatrist.

As Dr. Dowd points out in this interview with a *P.W.* editor, some psychology is involved in almost every purchasing contact. He says:

- Successful executives need some knowledge of psychology.
- Job satisfaction depends as much on mental outlook and adjustments as on material rewards.
- Home problems cannot be divorced completely from the office.
- To deal effectively with salesmen, P.A.'s must appreciate psychology.

As *P.W.*'s previous article pointed out: "We all have to live with our job—accept it, adjust to it." If we don't the results can be troublesome, even disastrous.

Handling human contacts with emotional maturity is one sign of a successful executive. Dr. Dowd offers others in the following interview.

*Francis M. Dowd, Ed.D., is an associate professor of psychology at Rutgers University, New Brunswick, N. J. Recognized as a leader in the psychology field, he has lectured to businessmen, including purchasing men's groups, since his discharge from the service following World War II.

Dr. Dowd received his B.S. from Syracuse University and his M.S. from Rutgers. Since that time he has done graduate work at the University of Pennsylvania and at Columbia. Industrial consulting takes up much of his spare time. In addition to his regular schedule he has a private practice in vocational and educational psychology.

Tupper Lake, in upper New York state, is proud of its native son who was "Chief of Educational Services" for the U. S. Army in Paris during World War II. Now, as Lt. Col. in the Medical Reserve, Dr. Dowd is a frequent guest speaker at various Army posts.

PURCHASING WEEK asked this 12-year staff veteran of Rutgers faculty some questions relating to inter- and intra-personal relations. His answers, we hope, will help many a P.A. through some rough situations, avoid possible catastrophes, and also help him live a happier and fuller life outside of business.

Q. Is too much emphasis placed on psychology today?

A. Perhaps on the pseudo-scientific or the misconceptions based on the mystical, superstition, and old wives tales, but surely not on the scientific study of individual differences and the application of scientific data accumulated thus far.

Q. Would a greater knowledge of psychology benefit executives in doing a better job?

A. Definitely to themselves ("know thyself"), their families, and with their colleagues and co-workers.

Q. Should P.A.'s dabble in psychology or rely on experts? How can an interested P.A. obtain usable information (books, courses, etc.)?

A. Rely on experts . . . men who are especially trained in this field. By attending adult classes, seminars, national conventions, and group discussions.

Q. Do you know of any companies that have psychologists on duty for guidance work like most companies have M.D.'s?

A. It's apparent that the duties and functions of psychologists are increasing in scope and the need for more industrial psychologists is increasing. Postwar changes and trends have given impetus to the functions of psychologists. Of psychologists polled in one survey 65% had titles devoting technical duties, personnel and top executive functions. The remainder did testing, research, staff consulting, and advertising duties. They spend from 30 to 70 hours per week.

Q. What do you think of the plan? (Are psychologists making a contribution?)

A. The beginning salary scale for psychologists has not been commensurate with the M.D.'s unless they move into line executive positions. In addition psychologists have reported as disagreeable working conditions in business and industry: "attitude of management," limited too much by executives who have been attend-

ing lectures and know all the answers, "overcoming misinformation about psychological method." Here I am quoting C. Shartle from *Occupations in Psychology*. However, the future of psychology in industry is very promising.

Q. A prominent psychologist has stated that more executives fail because of personality lacks rather than a lack of knowledge. Do you agree?

A. An executive dealing with people must like and understand people. If not, the shortcoming in this case would be a personality shortage, and could lead to failure. Technical people don't have as much contact with people so in this case knowledge (basically) is the important factor.

Q. Should an employer and employee mix socially?

A. Studies indicate that the autocratic attitudes of many executives prevent this. Good leadership permits mixing but the role of the leader implies that a certain amount of aloofness is necessary to maintain the respect of subordinates even in our society.

Q. If a person likes his boss (as a person) but has no respect for him as a business leader or top executive and it affects his work, how do you suggest he handle it?

A. Depends upon how soon he wants to hang. Perhaps reassuring an insecure boss that he has something to contribute is best. The boss is probably aware of his own limitations. If not, I suggest he not be told so directly.

Q. On the other hand, if a person is completely satisfied with his job but doesn't like his boss—how would you advise handling this situation?

A. That's not an uncommon situation today. Many people are carrying water on both shoulders. If satisfaction from doing your own work well does not suffice, and the boss doesn't inhibit you, do some personal introspection. Very often we see our own disagreeable traits unconsciously in someone else.

Q. What satisfaction should I look for in my job?

A. Economic security, advancement, recognition, and participation in policies and work planning.

Q. What satisfaction outside my work?

A. Approval and recognition by friends and an interest in some hobby.

Q. Can family problems be kept divorced from business affairs?

A. That's a tough nut to crack. We all are aware that the total personality (functioning in an integrated manner) may bring family problems into one's business affairs. Many a co-worker is inefficient not because of working conditions but unpleasant conditions at home.

Q. Should I let my boss know these home problems?

A. In some cases, yes—only if he is interested or qualified in giving helpful advice.

Q. Does frequent moving about to new communities affect family life?

A. Yes. The family must adjust to a new neighborhood from which the worker may travel several miles to work. His interests are split. He has few mutual interests with his co-workers and the interest in his community is not always the same as if he worked with the people among whom he lived.

Q. May an unhappy home life be a major cause for some businessmen failing?

A. Yes.

Q. Should business problems be discussed at home?

A. That would depend on the willingness and ability of the home folks. Sometimes getting things off one's chest to a family confident is good mental hygiene.

Q. How much help should be expected from a wife?

A. A wife should be understanding and as supportive as possible. (Continued on page 16)



(Continued from page 15)

Q. Does this mean she should be drawn into business matters?

A. No.

Q. Is it good for a man to be forced beyond his immediate abilities by management, if they see a good potential in him?

A. It might be disastrous or beneficial. Some good leaders have emerged by recognition of some fine qualities other than intelligence or a skill.

Q. How should purchasing men, as a group, stand out from others?

A. A good purchasing man has a combination of unique abilities. Basically, he must know laws of supply and demand, of values, anticipate changes in production, and coordinate the demands of specialists in an organization.

Q. From speaking with P.A.'s could you tell us what requisites help make a good P.A.?

A. He must be capable of assuming responsibility. He must be resourceful, alert, progressive with an interest in materials as well as people. While he must anticipate the needs for production, costs, etc., he also must understand the salesman's motives.

Q. To be a most effective purchasing man, should extroverted or introverted characteristics dominate a personality?

A. Well, in our economic and competition culture we try to channel one of man's greatest drives, aggression, into business and competition. Of purchasing personnel I have met, most seem to be on the extroverted side.

Q. How important is disposition

for the purchasing agent in dealing with other people?

A. He should be as courteous, flexible, consistent, and impartial as he can.

Q. Does this mean he has to be pleasant all the time? Won't he have his low periods?

A. Most certainly everyone has low periods—low activity levels—but to reveal it in interpersonal relations may show a chink in the emotional wall of the individual.

Q. What's the best formula for overcoming a depressed feeling?

A. Do something! If you are not able to understand the cause for the depression, which is generally due to some insecurity, seek some aid elsewhere.

Q. Where?

A. Medical department, family physician, community mental health clinics.

Q. Should business men attempt to cover real feelings when about ready to "blow their top" or is it better to explode when the occasion demands?

A. To reveal the explosion reveals emotional instability to the observer.

Q. What do you think of holding grudges?

A. Grudges are indications of fear and immaturity.

Q. Can mental blocks be overcome through psychological treatment?

A. The block generally provides some security for the individual. If aided in securing insight into the cause of which the block is the result, he may recover from the block. The block may be a person's way of adjusting to a fear. Prejudices are blocks; superstitions are blind spots; and, of course, these affect one's reasoning and adapting.

Q. Is "Emotional Appeal" a basic secret to success? (How can P.A.'s recognize and combat the emotional appeal of salesmen?)

A. Emotional appeal is a strong tool for salesmen but not as strong an appeal for the P.A. He has other specific material requirements to meet.

Q. Does a lack of a formal education eventually affect an executive when all his business associates have such an education?

A. It may in some situations. However, he can acquire specific skills through experience which enable him to hold his own. The trend today is for more education and an intellectually curious executive will seek more education.

Q. Is too much emphasis put on college education these days?

A. Everyone who has the native ability, the aspirations, and motivation should obtain more education. Our culture demands it. Of course, there are many who would like a college education but just do not "have what it takes" to meet the demands of college. We should encourage this individual to try to develop whatever special skills or aptitudes he has. Remember, we live in a competitive culture.

Q. Do you think our schools are preparing our future business people to face the problems they eventually will have to face?



A. In some ways, yes. In many, no. Dr. Conant (former Ambassador to Berlin and retired Harvard president) recommends more science, math, and foreign languages. Secondary schools are not developing brain power.

Q. At what age do men usually reach their peak in business efficiency?

A. A man's interests generally are stable about the age of 25. Studies have shown that men are in stride at 35. The peak of efficiency varies with the individual motivation, success, health, and endurance.

Q. What do you think of so-called personality or aptitude tests that many companies demand their future employees take today?

A. There are some controversial opinions on this one. We feel that many of the standardized tests give us some insights into a personality which may not be revealed otherwise. The tests are not conclusive and their interpretation in the hands of the wrong people can be misunderstood. Some of our popular writers today enjoy pot shots at the testing programs in some industries but may I say more and more companies are employing the tests and using the services of the psychologists in their testing programs.

Q. Is there any way of preparing for these tests?

A. No. Preparation would destroy the validity and reliability

of the tests as some disappointed iconoclasts today are trying to do. This may indicate ego-defense on their part or constructive criticism. It depends on the mind of the critic.

Q. What are some of the new problems confronting the P.A.?

A. Technical changes, new products, and satisfying the demands of our so-called "experts" who have been recently added to production departments.

Q. What is the position of the P.A. in the organization?

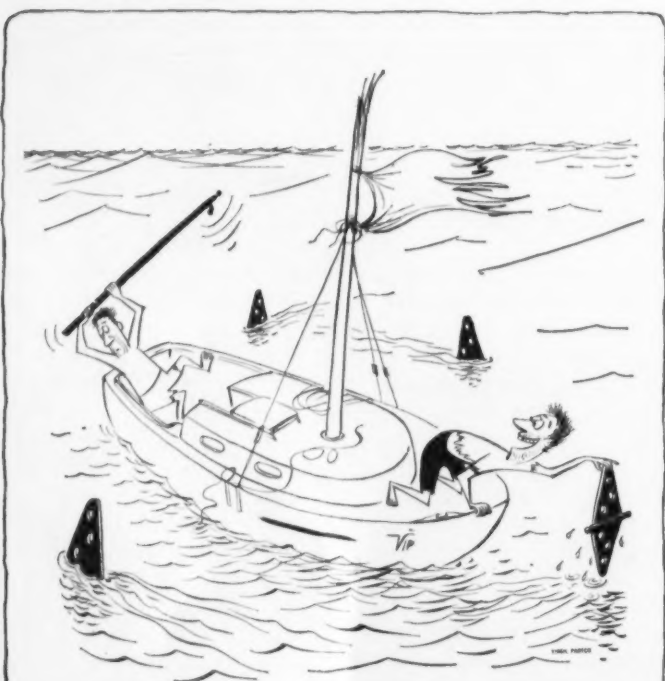
A. Watch Dog! One who must have foresight, planning, good judgment, and coordination (with all departments).

Q. What do you think of a man who has many hobbies?

A. There's an indication of immaturity, lack of sustained interest, and perhaps instability, but everyone should have a hobby to which he can turn when the pressure is on and he finds himself tense.

Q. What hobbies do you recommend for a P.A.?

A. Since he deals with material things on the job, he should develop an interest in those things other than those related to his job, such as activities engaging mental challenge or participation in some activity with a few people, or the use of his hands in which he can express himself. Everyone desires to create something.



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Hancock Mfg. Co.'s Lobby Parts Display Board Gives Suppliers a Chance to Suggest Cost Cuts

Jackson, Mich.—Salesmen calling on the Hancock Mfg. Co. these days are stopped cold by the purchasing department's latest cost-cutting idea.

Located in the plant lobby is a display board filled with many of the small parts bought by company, a major producer of fabricated metal assemblies for the automotive, appliance, and other industries. Each product is enclosed in a transparent plastic envelope identified with the part number.

Across one corner of the display board is a sign reading:

"Look here! Can you suggest a source to save us money on these parts? Please fill in card and we'll supply the prints." A "take-one" card box is located at the bottom of the board.

Hancock's purchasing director, Leo Henning, says the novel idea is aimed at getting the best prices he can on the

things he purchases for the assemblies manufacturer.

"The whole idea is still too new for us to have any idea what it will save us in actual dollars," Henning explained.

"We average better than one request card per day. We have even had salesmen ask for permission to send prints of parts their companies did not make to other companies who, they believed, might be able to save us money on their production.

"It saves us time in purchasing, too," the purchasing director added. "Usually the salesman looks over the display board first. If he wants to quote on something, he fills out a card before he comes into the office. We pass the cards on to engineering."

In four weeks, bids were offered on nearly 300 parts. Some reductions averaged 20%.



THE DISPLAY BOARD IDEA aimed at cutting Hancock's buying costs holds much promise, according to purchasing director Leo Henning, shown here accepting card from salesman.

B&O handles less-carload freight differently...



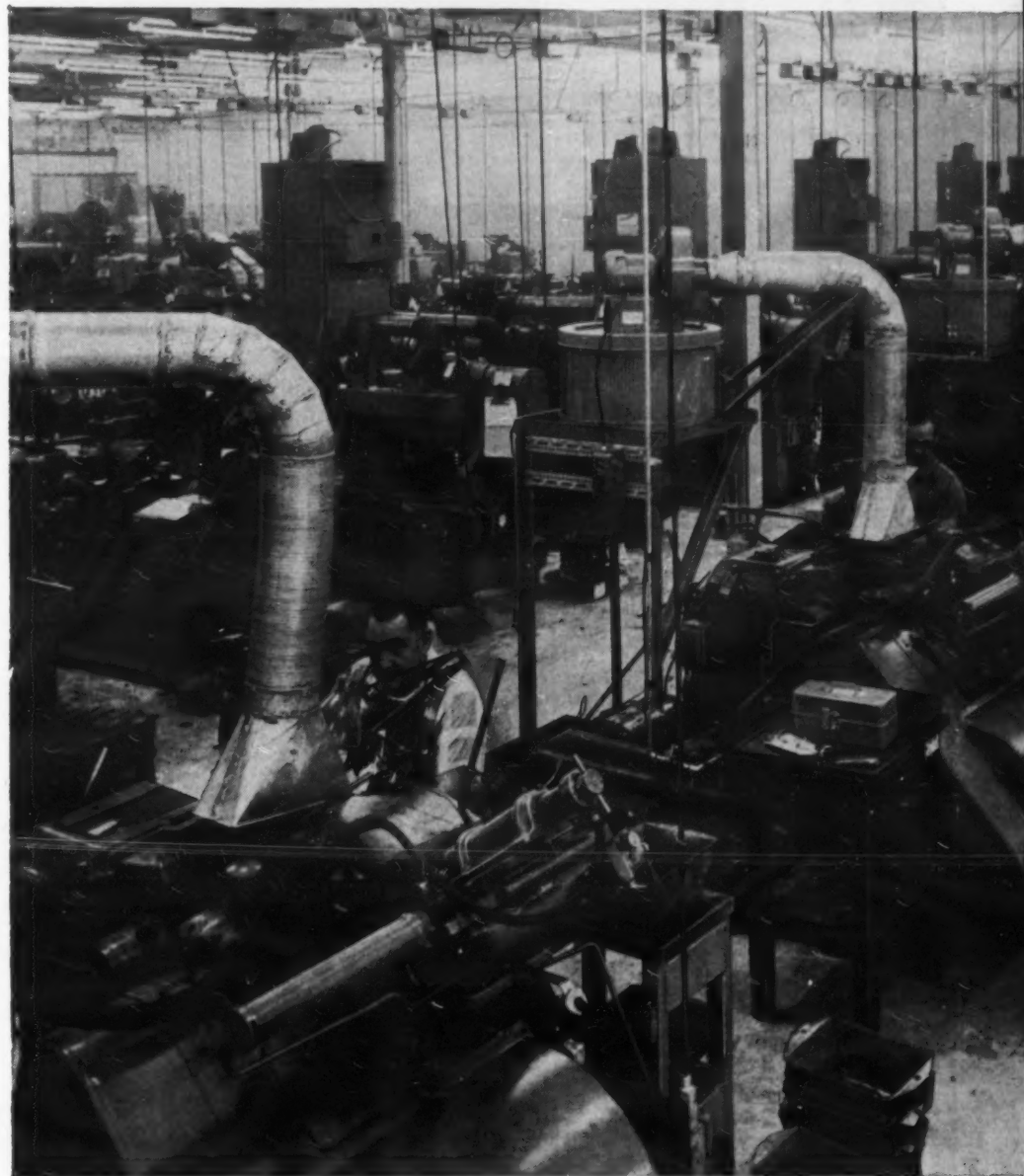
with dependable "baby-like" care

B&O Time Saver is always on "its toes" to deliver merchandise freight on faster schedules—to handle it with *extra* care, and to service shippers with more helpful information.

Try Time Saver!



Ask our man!



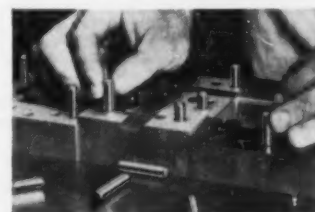
NEW This is the ~~old~~ grind at ALLEN

A quarter of a million square feet of space in the great new Allen plant is devoted to precision fasteners—and much of it houses batteries of the latest, high-speed automatic centerless grinding equipment. Here you see a close-up of the grinding section set up to produce dowel pins at the rate of one a second per machine.

Allen's vast new facilities assure constant standards of uniformity, accuracy, strength and fit, many of which are duplicated nowhere else. Now there's more reason than ever to make Allen *your* Buy-Word for socket screws, keys, pipe plugs and dowel pins.

Speaking of dowel pins—specify Allen for great strength where you need it most. Made of Allenoy steel, they're surface hardened to 62-64 Rockwell C. Core hardness 47-53. Case depth .010" to .020". Shear strength from 160,000 to 180,000 psi. Precision-ground to $\pm .0001$ ", with a mirror finish of 6 RMS max.

In stock at your Allen Distributor . . . in diam. from $\frac{1}{8}$ " thru 1" . . . lengths from $\frac{3}{8}$ " thru 6". Also in two standard oversizes—.0002" for press fit, .001" for repairs. For more details, ask your local Distributor, or write directly to the Allen Manufacturing Company, Hartford 1, Conn.



New Automatic Warehouse System Cuts Electric Motor Delivery Time

Cleveland — An automatic warehousing system helps Reliance Electric & Engineering Co. provide electric motor buyers with one-day service on stock items. Reliance instituted the electrical-control setup to aid the motor buyer who can't or doesn't want to stock large motor inventories.

The new push-key storage and handling system delivers loads up to 3,500 lb. to or from any of 4,800 compartments at an average rate of one load every minute. Triax Equipment's Two-Way "Retriever" moves to and from a central loading dock at a touch of selective electrical controls. One man handles the entire layout.

Can Move Any Volume

Specifically designed for enlargement, the retriever can move any desired volume of material. It also can load an unload from openings on both sides of narrow aisles. For selectivity, there is a key-panel at the end of each aisle.

At the end of the aisles, loads are transferred to or from conveyors mechanically, for delivery to the loading dock or retriever unit for storage. The new system allows the carrier to move horizontally along the aisle, then vertically to deposit or remove a load from compartments.

Containing four aisles, the new system is lined with storage bins just under 21 ft. high. The two longest aisles are 150 ft. and 42

in. wide. Each has 1,008 compartments, extending 3 ft. back from the aisle and approximately 2 ft. sq. at the opening. The compartments are eight high.

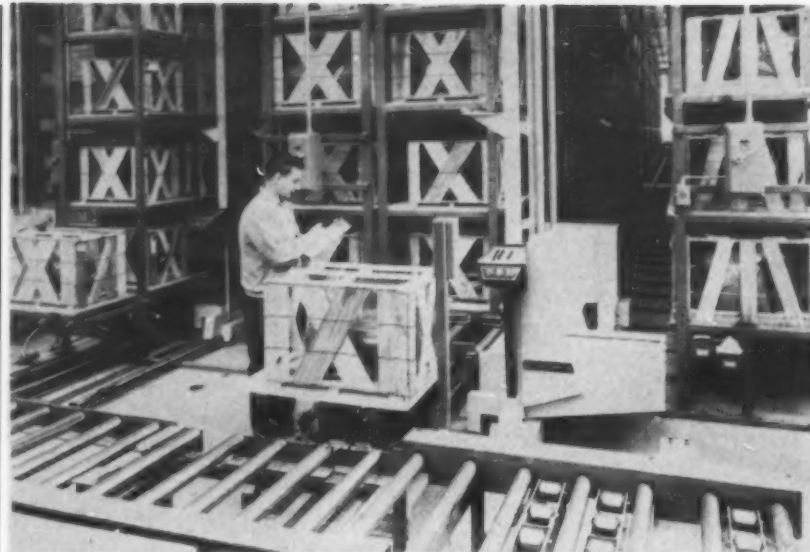
Two 110-ft. aisles contain 1,392 compartments each, for 12-high stacking. The compartments extend 24 in. back from the aisles and are 18 in. square at the openings and the aisles are only 30 in. wide.

This entire unit only needs 5,005 sq. ft. of floor space, in-

cluding the operator's area and the conveyor system to and from the loading dock. To enlarge the storage area, you just add additional units.

Triax Equipment said its system, composed of panel sections of rolled and welded steel, takes one month to assemble.

ONE OPERATOR can control some 4,800 compartments of up to 3,500 lb. capacity each by push-key command using new 'two-way retriever' system developed by Triax Equipment for loading, unloading, and delivery of material to and from a central loading point at Reliance Electric.



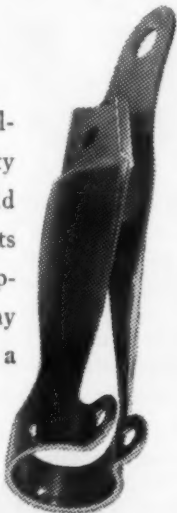
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GENERAL  ELECTRIC

They got tired of high costs —so they sent prints to ETASCO....

One look, and you know this is a tough stamping job. Yet, ETASCO does it at much less cost than a 2 or 3-piece part.

If proper tooling and plenty of thought could cut your costs for metal stampings, it will pay you to get a quote from



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successful ironworks is located

PREDICTABLE

"A growing number of companies like ours group relamp. We start off each department with new lamps —and, just before they begin burning out at a rapid rate, we replace the whole set, rather than burnout by burnout. But to make group relamping really work, we need the predictable performance of General

Electric Lamps. Otherwise I have department heads climbing all over me because a maintenance man is climbing all over them to replace early burnouts.

"Only G-E Lamps give us the predictable performance we need to make group relamping practical. On the average, 99 out of 100 will still be burning after almost two years of service. So we aren't bothered by early burnouts—and we get more light for our money."

If you'd like more information on group relamping with predictable G-E Lamps, write: General Electric Co., Large Lamp Dept. C-921, Nela Park, Cleveland 12, O.

Roy Sargent, Paper Firm P.A., Shows Prize Winning Dahlias

Walking through the C. H. Dexter & Son plant, Windsor Locks, Conn., from mid-July to late September is like walking through a greenhouse, thanks to Roy Ezra Sargent, head of the purchasing department and former treasurer of the Purchasing Agents Association of Connecticut.

Sargent who has been with the specialty papers firm for 37 years, has a green thumb and lives for the spring and summer when he and his wife Laura can plant dahlia bulbs and see them blossom.

The time and work put into this hobby has brought results, the Sargents have won more than 40 ribbons at the National Dahlia show in New York since 1947 when first entered competition.

"One reason we make this such an active hobby is that we can work together. Now that our three boys are grown we enjoy doing things together more than ever."

But dahlia growing is not Sargent's only hobby. According to his wife he believes "if you really want anything done ask a busy man."

She points with pride to pictures taken by Sargent on motor trips cross country.

Much as he enjoys touring and picture taking, Sargent does not spend his entire three-week vacation on trips. One week always is spent at a Bible conference



ROY SARGENT displays African violets which he cultivates too.

with Mrs. Sargent. But attending these conferences Sargent gets new material for another hobby, running a correspondence Bible club—Operation Bible Reading—for young people. In the ten years since he founded the club, almost 1,700 young people have joined. The most time-consuming part of this undertaking is a monthly letter which goes to all members.

Sargent insists avocations are just hobbies. "If they ever become more than a hobby, it might kill one of the purposes—a means of complete relaxation. Besides, I think my first love is purchasing, where nothing is ever monotonous."

This Changing Purchasing Profession...



C. S. SHEPHERD

C. S. Shepherd Advanced By American Bridge Div.

Pittsburgh, Pa.—Charles S. Shepherd has been promoted to director of purchases for American Bridge Division, United States Steel Corp., Pittsburgh.

Formerly assistant director of purchases, he succeeds William H. Walter who is retiring after 42 years' with the division. Walter had served as director of purchases since 1955.

Shepherd joined American Bridge in 1928 as a draftsman.

Arthur C. Leshner received an "Elder Statesman" award from Keasbey & Matison Co., Ambler, Pa., on his retirement as purchasing agent. The citation was presented by the firm's employees honoring Leshner for more than half century (53 years) with the company.

Charles E. Street Named Head G.S.A. Region 10

Seattle, Wash.—Charles E. Street has been promoted to director of Region 10 for the Federal Supply Service, General Services Administration. He has served as chief of the Service's buying division locally since 1955.

Street succeeds William Ihlanfeldt, who retired after 37 years in federal service to join a Seattle insurance company in a management capacity.

Frank J. Steinberger has been advanced to vice president and general purchasing agent of the Santa Fe Railway, Chicago.

E. A. Wick, purchasing-stores supervisor for Shell Oil Co. in the Denver area has retired after 32 years with the firm.

Don Smith has been appointed to the newly created post of assistant purchasing agent for the City of El Paso, Tex.

James C. O'Donnell has been appointed state purchasing agent and assistant budget officer for Wyoming. Duties of the two positions were consolidated into one job by the 1959 legislature.

John P. McMonagle has been named acting manager, central-stores section of the Washington State purchasing division. He succeeds Robert R. Ray who resigned.

Henry B. Fry has been made a vice president of General Atomic

Division, General Dynamics Corp., San Diego, Calif. His responsibilities will include finance, personnel, construction, purchasing, and contract administration.



A. GREGG NOBLE has been named director of purchases, a new post, by Solvay Process Division, Allied Chemical Corp., New York. He had been serving as assistant director of operations at the division's Syracuse plant since 1958.

Obituaries

F. Herbert Filson, who was purchasing agent at Warren Webster & Co., Camden, N. J., for over 40 years until his retirement three years ago, died April 23.

Arthur J. Dorn, 66, assistant Erie County, N. Y., purchasing agent since 1951, died April 28. He spent 38 years in the county service and was warehouse superintendent before becoming assistant purchasing agent.

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with
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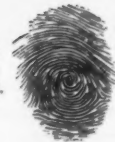
New 36-page catalog in full color shows you how to Stop Rust—and provide lasting beauty in your choice of colorful Rust-Oleum finish coatings on tanks, girders, metal sash, pipes, boilers, stacks, metal fences, fire escapes, and many other applications. Includes over one-hundred actual color chips—plus important application photos, surface preparation data, and technical information. Request your FREE copy of Rust-Oleum Catalog No. 257—today!

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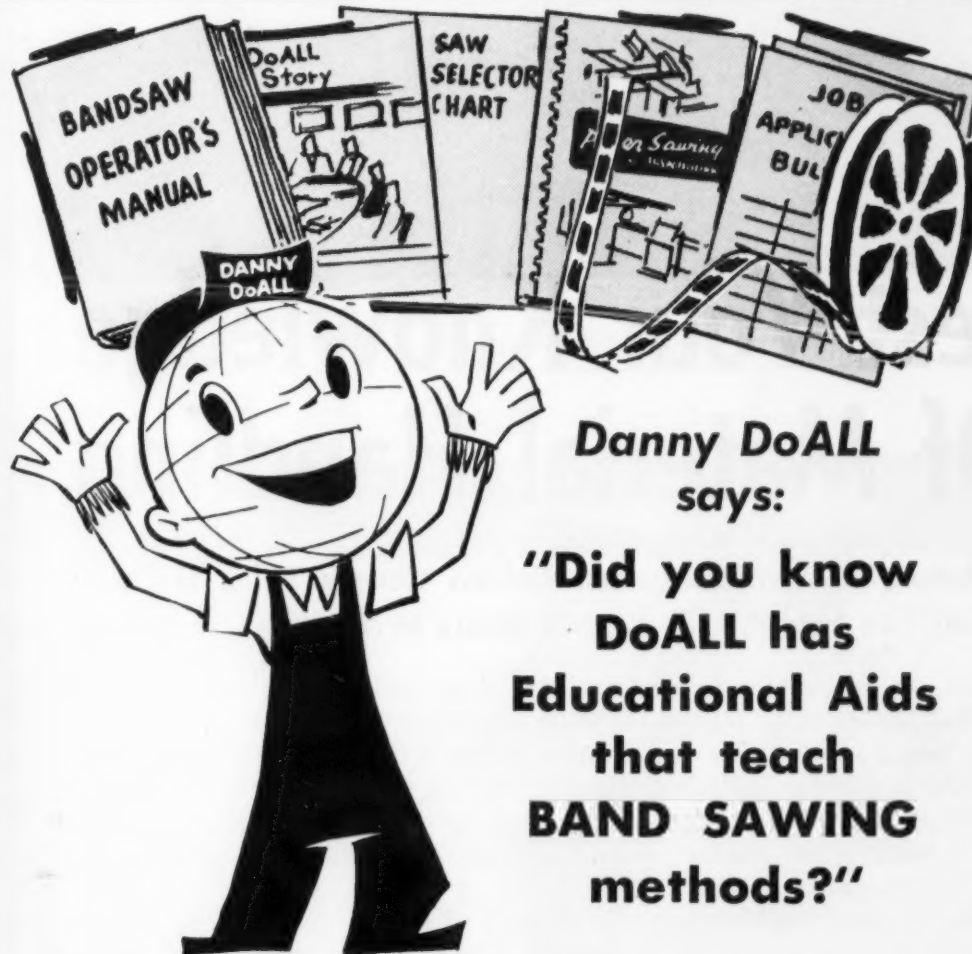
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DES PLAINES, ILLINOIS



Test Your Knowledge Of Material Handling

**Match Your Wits Against Colson Corp.'s Sales Trainees
Can You Spot All the Rigged Errors in Material Handling?**

Here is a chance to test your knowledge of material handling equipment and practices against men who will be trying to sell you this equipment.

On these pages are shown scenes from a Colson Corp. plant in Elyria, Ohio. An error in material handling equipment selection, technique, or use is depicted in each picture. Look over the pictures, pick out the errors, and write them out next to word "error" under captions. To check your noted errors against actual ones depicted, turn to page 23.

Why material handling errors in a plant of one of the country's leading material handling equipment manufacturers?—Sales training! Colson felt a flaw in most training programs was that trainees were not prepared to tour P.A.'s plants and ask intelligent questions or offer "on-the-spot" suggestions. So they recently "bugged" their Elyria plant with 40 materials handling errors and turned trainees loose in the plant to detect and report on these errors.

An example of the errors detected is shown in large picture above. Error: Operator should be using dolly to position large piece under spot welder.

Fourteen Colson trainees took the test. More than half scored over 93%. One man had a perfect score.

How do you rate?



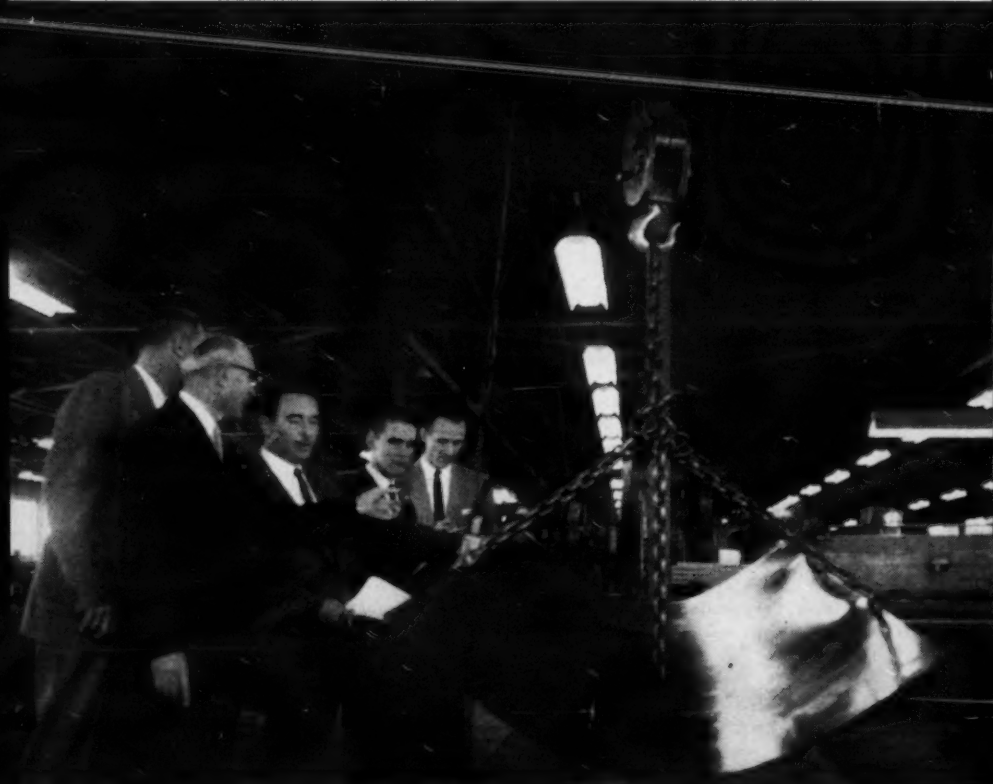
Finished steel flats rest on hand truck prior to movement to an assembly operation in another part of plant. Sales trainees quickly spotted handling error noted here.

ERROR:



Sturdy, rubber-tire hand truck, regularly used in the machine shop, is wheeled across floor by plant engineer. Trainee, hunched over steel-chip covered floor notes error.

ERROR:



Chain on crane is used to lift cut-to-size steel sheet. Plant engineer Alfred Wolf points out material handling error to sales trainees. Trainees quickly noted error.

ERROR:



Operators feed steel sheets into shear machine. Sales trainee in foreground, standing well back from workers, confidently records material handling error in this case.

ERROR:



Guide wheel that is about to go is pointed out by Colson trainee. Fact that wheel is loose is not actual error. Trainee realizes real error reflected in mechanical defect.

ERROR:



Three workers struggle to pick up drum and get it onto hand truck appearing in left-hand side of picture. It was noted that this is a recurring operation in department.

ERROR:



Worker prepares small job on top of die truck prior to drilling operation on piece. Material handling error here is one not quickly detected by many it has been found.

ERROR:



Close-up here gives view looking down on steel-wheel hand truck as it is pulled on concrete floor at plant. Error here is one familiar to visitors in many companies.

ERROR:



Broken wooden deck of skid is viewed by trainees. Angle iron steel load will have to be removed, and truck sent to maintenance shop for repair. What error caused damage?

ERROR:

P.W. Editor Airs Transportation Costs at Lehigh Valley P.A. Meet

Stockertown, Pa.—The importance of transportation in purchasing operations cannot be ignored since freight costs are tacked onto almost every purchase bill.

This fact was stressed last week by Robert S. Reichard, price and economic editor of *PURCHASING WEEK* addressing a meeting of the Purchasing Agents Association of Lehigh Valley. He emphasized close examination of three points:

- Statistical evidence shows how heavy freight bulks in specific wholesale prices.
- This important freight factor has not been getting all the attention it deserves.
- Specific steps can be taken by purchasing to turn the traffic function into an efficient, minimum cost operation.

Discussing some of the steps P.A.'s can take to cut transportation costs, Reichard pointed out that this could be done whether traffic fell directly or indirectly within purchasing's scope of operations.

Maine P.A.'s to Form Group; Plan Meeting

Rockland, Me.—Maine purchasing agents will form a long-awaited association here on May 22. Main order of business at the first meeting will be election of a steering committee.

A three-member arrangements committee reported that invitations had been sent to purchasing executives throughout the state. The steering committee will be asked to select officer candidates to be elected in the fall.

The arrangements committee members are: Erling O. Barsness, Bath Iron Works; G. Merrill Thomas, Dragon Cement Co.; and D. K. Cooper, Northern Chemical Industries. The trio said that the initial meeting will



HARRY A. STUHLREHER

help accomplish what has been talked about for years by P.A.'s throughout the state.

Harry A. Stuhldreher, one of Notre Dame's famed Four Horsemen and an All-American quarterback, who is now assistant to vice president of United States Steel Corp. heads the afterdinner speaking program.

Louis J. Unger, purchasing agent for Dragon Cement Co., New York, also will be a speaker. Unger is a director of the P.A.A. of New York.

P.A.'s Essay Contest On

New York—Members of the Purchasing Agents Association of New York are busy writing essays on their best "buys." The deadline for entries in the New York Purchasing Review's essay contest is May 15.

The essay topic is "Good Buys I Have Made." The contest is open to Review readers.



PURCHASING WEEK'S Bob Reichard, center, chats with Lehigh Valley P.A.A. president John Fox, right, and James Maguire, Alpha Cement Co.

Louisville P.A.'s Attend Indiana Industrial Show

Louisville, Ky.—A trip to the annual Indiana Industrial Show and a visit by the District 7 public relations chairman highlighted Louisville P.A.A. activities.

Thirty members of the local association traveled to Indianapolis to see the industrial show sponsored by the Indianapolis P.A. Association recently. Kellie Robinson, Louisville president, led the touring group.

M. B. "Banty" Eubanks, District 7 public relations chairman, spoke at the local association's March session.

O-B VALVES

this disc holder can save you money...



Keep the disc from grinding against the seat when you close a valve and the disc lasts longer. It's as simple as that to save money.

Composition discs in O-B globe and angle valves are securely held in free-swiveling, self-leveling disc holders. When a valve is being closed, the stem and disc holder turn as a unit until the disc is firmly seated and stops rotating. As the stem continues to turn it exerts downward pressure on the disc, closing it leak-tight. There is no grinding or gouging between seat and disc...and disc wear is kept to a minimum.

This free-swivel disc action is just one of the many ways O-B bronze valves help industries keep maintenance costs down, production up. If you aren't using O-B valves ask your local Ohio Brass distributor to show you the complete line, or write to Ohio Brass Company, 380 North Main St., Mansfield, Ohio.



4992-V



Georgia P.A.'s Tour Celanese Corp. of America Plant

Atlanta, Ga.—Following a tour of Celanese Corp. of America's Rome, Ga., plant, 41 members of the Purchasing Agents Association of Georgia staged their April meeting in the plant's conference room.

Pictured above are four Georgia members listening intently as a Celanese technician explains a textile processing operation during the plant tour. They are: left, J. P. Hobbs, Continental Can; J. L. Botters, Georgia Power; Don Dietrichs, Life Insurance Co. of Georgia; and Cliff Newton, Georgia State Purchasing Department.

Central Iowa, Alabama P.A. Associations Plan University Fellowships on the Graduate Level

(Continued from page 1)
committee of association members and university faculty will select candidates from applicants preferably 40 years or under who qualify for regular standing in Drake's graduate division. To be considered, candidates must apply by June 1 to Dean Earle L. Canfield at Drake University's graduate division.

The winner must take a minimum of 15 semester hours during each semester. Major emphasis will be in economics with additional study in statistics, industrial purchasing, inventory control, and industrial management. If a recipient lacks work experience in purchasing, part-time work in selected companies may be required.

The Alabama scholarship resulted from a study by the state association's committee for professional development with the assistance of a special committee of purchasing agents. The P. A.'s worked closely with faculty members of the University of Alabama's School of Commerce and Business Administration.

Recently, association members have

been guest lecturers at Alabama's industrial purchasing classes. Members were invited to lecture on every-day problems in purchasing. Each covered some particular phase of industrial and institutional purchasing.

J. F. Day, association president, said the board of directors and members were highly gratified that industrial purchasing is now offered at both Alabama Polytechnic Institute and the University of Alabama.

South Bend P.A. Group Hears Lester Davis on Recognition

Mishawaka, Ind.—Don't be satisfied with purchasing's present position if you expect to gain professional recognition, South Bend P.A.'s were advised last month.

Lester E. Davis, director of purchases, Pittman-Moore Co., Indianapolis emphasized that despite the attention accorded purchasing, top management's interest must be increased even more.

Test Your Knowledge of Materials Handling Answers

Here are the "bugged" errors depicted in pictures on pages 20-21.

Top Row—left to right:

1. Hand truck is too small, and is wrong type. Rejects could result from bend in finished parts, or from drag marks at tips.
2. Trainee here is resting foot on proper equipment, a hydraulic lift table. Hand feed is waste of time and inefficient.
3. Quick replacement of guide wheel would keep skid in service longer, save repair time. Entire wheel bracket may fail.

Second Row:

1. Rubber tires on steel chips are bad. Chips are chewing up the tires. Plastic wheels are cheaper and better here.
2. Operation is unsafe, slow, and costly in man-hours. A lift jack should be used in this case.
3. Too much truck for this job. Expensive die table could be replaced by less-expensive work table.

Bottom Row:

1. Lifting by bare chain is bad here. This piece is cut-to-size and is being bent. Edges are chewed up in operation.
2. Steel wheels on concrete floors are bad. Improper wheels on equipment will ruin floors, cost more than right wheels.
3. Angle iron steel is too heavy for wooden deck skid. Steel-deck skid should have been used.

Ann Arbor P.A.'s Hear Stark Urge More Activity in Locals

Ann Arbor, Mich.—A purchasing man who has grown up is one who is confident in his own ability to handle requirements and challenges of his job, Ann Arbor P. A.'s were told last month.

District 4 Vice President Russell Stark urged P. A.'s to participate more in local chapter programs and active membership in N. A. P. A. to develop necessary confidence. By participating in local chapter affairs, a P. A. can keep abreast of latest developments and thinking in the field, Stark added. A purchasing executive also can gain confidence by planning and carrying out local chapter programs, he emphasized.

4 Youngstown District P.A.'s Honored at 'Executive Night'

Youngstown, Ohio—For outstanding services to the Youngstown district and N.A.P.A., four P. A.'s received merit plaques last month.

The awards were made before 300 persons attending the Purchasing Agents Association of Youngstown District's annual "Executive Night." Management personnel and press representatives of surrounding communities attended.

The P. A. recipients and their companies are: John Renton, Lombard Corp.; Steve Kakish, Ryne Steel Products; Haydn Williams, Mahoning Valley Supply; and Carl Blumenschein, General Fireproofing Co.

Plain facts about washroom towel costs!



We have been making top quality washroom paper towels since 1925. But we know that high quality by itself will not produce the most efficient towel service.

So we combine our quality towels with the controlled Turn-Towel cabinet—to produce the perfect washroom towel combination.



Result:
Excellent towels at a low service cost — with towel consumption dropping as much as 50%.

DANNY DoALL SAYS:

"Did you know DoALL sells Sawing Results — not just blades and machines?"

Only DoALL makes both machines and blades. That's why your DoALL Sawing Specialist knows best how to make them work together as a perfect team to give you top efficiency in your band sawing.

SB-74 1/4

IN STOCK
AT YOUR LOCAL DoALL STORE

THE DoALL COMPANY
DES PLAINES, ILLINOIS



"A BIG SOURCE of our trouble is unrealistic lead times."—Miles Stray, Charles Templeton Company.

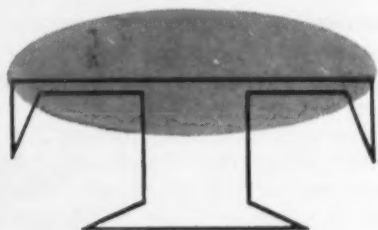


"THE COST to my company is the cost to get an item into our product."—H. S. "Staf" Kellam, General Electric Corp.



"MANUFACTURERS AND DISTRIBUTORS should expose us to the best talent."—John Duncan, Monsanto Chemical Company.

Purchasing Week



ROUND TABLE

PARTICIPANTS

J. C. Duncan
Purchasing Agent
Monsanto Chemical Co.
Plastic Division
Springfield, Mass.

H. S. Kellam
Purchasing Agent
General Electric Co.
Circuit Protective Devices
Plainville, Conn.

S. H. Cross

Vice Pres., Gen. Mgr. Sales Manager
Stanley Electric Tools
New Britain, Conn.

D. L. Price

Sales Manager
Norton Co.
Worcester, Mass.

CO-MODERATORS

Ray Barnett
Editor-in-Chief
Purchasing Week

John Baxter
Assistant Editor
Purchasing Week

Miles I. Stray
President
Charles A. Templeton, Inc.
Waterbury, Conn.

George Main
President
Providence Mill Supply Co.
Providence, R. I.

P.A.'s

Purchasing

(Continued from page 1)

How the manufacturer is drawn into team play was clearly shown by S. H. Cross, vice president and general manager, Stanley Electric Tools. "Manufacturer has two sales departments: he has his own, and he has his distributor's. He is interested in his distributor sales force because if his distributor doesn't sell, his own sales efforts are futile."

George Main, president of Providence (R. I.) Mill Supply Co., highlighted the middle-man team role of distributors in giving value to P.A.'s companies. He pointed to solid reasons why distributors can assist P.A.'s in need of quick service or other contacts with manufacturers. Said Main, "The distributor knows personnel in manufacturer's plant who would be familiar with specific problems. Also, the distributor probably could put more pressure on the manufacturer to get him to the P.A.'s plant in a hurry . . . as the distributor's purchases of that manufacturer's products are greater than the P.A.'s purchase volume there."

Fear of some P.A.'s who hesitate to set stated visiting hours because of possible effect on supplier good-will were allayed by distributor Miles Stray, president of Waterbury's (Conn.) Charles A. Templeton Co. Surprisingly, Stray actually preferred visiting hours; "We don't frown on calling hours at all. We like to see them hung on the wall, because we as a local organization . . . can very conveniently comply. The fellow who comes in from Oshkosh might be calling at the wrong time."

P.A.'s who feel hard-driving manufacturers may be behind the too-high frequency of distributor sales calls were set straight by Norton Co.'s sales manager. Don Price: "If we are having men call on buyers in excess and they do not need that attention, we certainly are running up our distribution costs, and we could utilize those men more effectively."

On the same subject of buyer-seller relationships, Monsanto Chemical Co. P.A., John Duncan, scores those manufacturers and distributors who do not insist that only fully qualified salesmen call on P.A.'s. Conceding that salesmen generally have improved in recent years, Duncan pointed to marked advances in talent, techniques, and responsibilities of purchasing. Said Duncan, "We feel manufacturers and distributors, in recognizing this fact, should expose us to the best talent they have. Anything they can do to help us with our responsibilities will be appreciated. If they have salesmen come in who have something . . . to bring, an idea, a way to reduce costs, and so on—we want to hear them."

Of possible special interest to many P.A.'s will be the revealing insight to distributor costs offered by Main and Stray. Should blanket orders to distributors carry over-all price or service advantages to P.A.'s who issue them? Many P.A.'s say "yes." But distributors contend their cost is at the item, or order release, level. Main and Stray give a clear account of the distributor's side of this buyer-seller problem.

Manufacturer and distributor roundtable spokesmen, in summary, agreed they could serve P.A.'s better in the future through three chief courses of action: 1. elimination of inefficiencies in their operations, 2. development of greater cost knowledge in their operations, and 3. increase in standardization efforts and promotion. Progress in these three areas is being made. It was felt that all three members of the make-sell-buy team would benefit by more progress along these lines.

Barnett—I want to welcome you here today, and I sincerely hope we can all get something out of it. The prime reason for this roundtable is to discuss problems that arise when the P.A. buys from distributors, and obviously, manufacturers' products. And for that reason we are divided into three segments today: two manufacturers who sell through industrial distributors, two industrial distributors, and two purchasing men.

There are several areas we would like to discuss, but we are not limited to these in any sense of the word. Any problems that you think are of importance to this tri-interest group are open to discussion.

Our agenda here today has been designed to cover the purchase process from the salesman's call to receipt of ordered goods by a P.A.'s company. Let's start with the frequency of distributor salesmen calls on purchasing agents. In this area we can discuss what is the line between service and annoyance.—Should salesmen have points to calls, or are regular calls best? What are pros and cons of calls by appointment?—From viewpoint of all, is it good practice for familiar salesmen to see others directly in plants besides P.A.'s.

Mr. Duncan, would you care to make comment on this first point? What are your views, your experiences?

Duncan—Some time ago we found that we had mill supply salesmen calling on us as regularly as once a week. We just decided that a lot more time was needed by our buyers for things other than interviewing mill supply salesmen. We did two things: 1. We told the distributors' salesmen to reduce the number of calls to us. 2. We listed visiting days for local distributors. Those who were out of town we saw by appointment.

Stray—Frankly, you cannot lay specific ground rules. You can be awful unhappy trying. We try to have our salesmen be aware of the situation by accounts. He himself can evaluate the situation if once every four weeks is sufficient, if once every two weeks is sufficient. Calling hours we don't frown on at all. We

like to see them hung on the wall because we as a local organization are ambidextrous enough so that we can very conveniently comply with these calling hours where the fellow that comes in town from Oshkosh might be calling at the wrong time. They say you can lay a lot of ground rules for salesmen that can get salesmen into a lot of trouble and you'd be in trouble yourself with a lot of purchasing people.

Moderator—Mr. Kellam, do you prefer that salesmen have a particular point to their call, such as new products or price changes, rather than just stopping in on a courtesy basis or a reminder basis?

Kellam—I think any salesman should have a point to his call. Why should I spend time, why should the salesman waste time, if he doesn't have a planned call. There's only one thing I'm interested in today and that's the benefit that will reduce my costs. I'm frankly not interested in order takers. If a salesman knows my product well enough to bring me in something that will reduce my costs, he has all the time that he wants to explain it. If he just comes in to pass the time of day, to inquire about my golf game, or my duck shooting, I just haven't the time for it.

Moderator—Do you find that most salesmen do have a point to their call or not?

Kellam—Well, let's say that a lot more do today. All of us are very cost conscious today. And I don't consider being cost conscious the lowest price. What does an item cost me to get it into my product. That's my cost. There's a lot of difference between cost and price. The boys are beginning to realize that and are making an effort to find ways and means to reduce my costs. And it's through these salesmen that we do get these cost reductions.

Moderator—From the standpoint of the manufacturer, Don, what are your views on this subject?

Price—As a manufacturer, the best distribution to my way of thinking is the distributor salesman who makes a



A MANUFACTURER has two sales departments—his own, and is distributor."—S. H. Cross, Stanley Electric Tools Co.



"WE WILL NOT MAKE a call for a distributor to do the sales pitching—but for support."—Donald Price, Norton Company.



"WE MUST TAKE inefficiencies out of operations, reduce costs."—George Main, Providence Mill Supply Co.

Quiz Distributors, Manufacturers

Executives, Distributors, Manufacturers on Round Table Panel Came Up with These Comments:

call when he really has something to offer in the way of a benefit.

Manufacturers and distributors should keep salesmen posted on progress and products and so forth, and make sure that they're giving all the service that's expected of them. If we are having men call on buyers in excess and they do not need that attention, we certainly are running up our distribution costs, and we could utilize those men more effectively.

I'd like to ask a question of Mr. Duncan and Mr. Kellam. What can the manufacturer do to help the industrial distributor salesman do a more effective job for you? Does he need more product knowledge? Does he need more basic training in the techniques of selling?

Duncan—I think the answer to that in both cases is affirmative.

Kellam—Mill supply representatives have 35,000 items maybe that they're selling. How can any one man be an authority or know very much about any one line? I don't think he can. We try to specialize our buyers by products and that's a big job to educate that many people about all the new things that are coming along. Without assistance from the manufacturer to the mill supply salesman, you cannot expect a real beneficial job for you Mr. Price.

Price—I agree. We apply technical support all the way and our men must never refuse to make a call with a distributor man. He will not make a call for a distributor man to do the sales pitching and so forth but for support.

Main (to Kellam)—This matter of the salesman helping you on various products—now obviously you can't go out and teach all these salesmen, show them all of your processes so they have an opportunity to suggest improvement. That would be a major undertaking to conduct a school for the salesmen coming along. There must be a happy medium where you can give these salesmen enough information so they have an opportunity to help you.

Kellam—We take salesmen in our plant all the time—to engineering people, to

maintenance people and so on, because we can't be an expert on all those things. We don't take every distributor salesman into the plant. But if he's got an idea—and it's up to the salesmen—there's nothing in the world that you appreciate more than a good salesman—a man that's up on his toes—interested in what you're buying. These fellows to me are invaluable.

Stray—Getting back to the matter of distributor salesmen being spread over many products; there is another side to the coin. Variety is our service forte. We have about 20,000 items in stock of which about 14,000 are confined to items we promote. We would probably be a much more successful operation pocket-wise if we threw out all the miscellaneous cheesecake and concentrated exclusively on the 18 basic lines we promote. We have too many orders that run down into \$1.50 and \$2.50.

I can see where requirements for a half dozen half by four cotter pins might come up and they're worth about \$.75, and a fellow could spend \$10 on the telephone trying to find them. We have for many years continued with this miscellaneous stuff because we presume that the basic function of handling a general pattern of products was of some value to purchasing. Maybe we're laboring under a misapprehension. I'd like to hear from the purchasing folks.

Kellam—Definitely not! You have to do it I think to balance the line. There's no question about that.

Cross—Miles, everybody else has that problem. The department store has it, and we have it, as manufacturers.

Kellam—It seems to me that blanket orders from buyers should be of some help to distributors in at least meeting the small order problem. We have set up what we call a short order form. We give our regular suppliers a six-month blanket purchase order. Then we allow designated people in the shop to write their own orders against this blanket one. They pick up, or telephone for needed items. This takes little of our time and little of the supplier's time.

Stray—Still our success is the average item value. Our work load is at the item. And I can show you here where the item runs \$5.19 you lose, where the item is \$6.29 you lose money. You cannot handle the paper work, add the stuff in stock, divide truck delivery—you cannot provide these services at the rate of \$5.00 an item.

Main—In a screw machine plant they're not going to give the same price for 25 pieces that they're running off on a screw machine as they do for 5,000 lot. The amount of steel used per piece is the same, the amount of wear on the cutting tools is the same but still they've got that setup time and that's exactly what we're faced with in our business is this setup time. Where we got an order in and we have to go through a certain number of operations and these are going to include looking up on the inventory list to see whether you've got it or not, and then finding it on the shelf, and then wrapping it up and then looking up the price, and then computing the price, and then posting and then sending the invoice out. Now all of these functions that I've just mentioned cost about the same regardless of whether it's 25 pieces or 5,000 pieces. There's very little difference in our cost. Our costs are primarily those involving our office book-keeping.

Those are the largest costs that we have and we, therefore, just can't possibly give the same price on a small order as we can on a large order and come out with a uniform profit. It just doesn't work that way. So that it's just not feasible for us to break down this ten quantity and ship two at a time and get the same price for it.

Kellam—But that piece of paper I carry over here with the information—all you have to do is let him pick it off the shelves. You have your two pieces of paper, one for billing and the month and one for your records. Does that save you any time?

Main—You've mitigated the damages to some extent but you haven't eliminated them.



CO-MODERATORS—John Baxter, assistant editor, left, Ray Barnett, P.W. editor.

Prices you indicate still must be checked, invoices prepared, and so on.

Stray—We have a large group of accounts and we find most of them go along with a standardized routine, but there are a few that have ground rules of their own.

We have 31 different terms of payments and 119 different terms of freight allowance or transportation paid from vendors. If all of these things could be standardized, we would all save a vast amount. We're paying bills every day in the month.

Cross—As a manufacturer I am interested in these problems of distributors. A manufacturer has two sales departments: He has his own, and he has his distributor. He is interested in his distributor sales force because if his distributor doesn't sell, his own sales efforts are futile.

I agree with Mr. Kellam—service is the most important thing with him. I don't mean just prompt delivery. I'm thinking of real salesman services—salesmen who can introduce new techniques and other means of cutting costs. This is the salesman who is going to bring money back to his company. It is up to manufacturers to see that their own salesmen are qualified to instruct distributor salesmen on this basis.

Kellam—Since you brought that up, there's actually three salesmen—an outside salesman and an inside salesman for the distributor, as well as your salesman. That inside salesman can be, and is, one of the most valuable men that you have on your payroll. None of us are carrying big inventories. At least we're not supposed to. And it means that there's everything on a rush basis pretty much.

(Continued on page 26)

P.A.'s Quiz Distributors and Manufacturers

(Continued from page 25)

Sharp leadtimes and it means an awful lot of expediting. When we get hold of a company that has a good inside man and when he gives you a prompt answer, an answer that you can depend on, that outside salesman has got a little goldmine.

Moderator—We would like your thoughts now on another question that has possibly both practical and ethical aspects—direct buyer-manufacturer contact. Such contact may come about in several ways of course: in complaints about distributor service, in inquiries on possibility of direct-mill purchase, and in seeking technical assistance on a manufacturer's product bought through a distributor. To kickoff a review of this question, Mr. Cross, what do you think about the ethical aspects of a case where a P.A. takes a service complaint against a distributor directly to a manufacturer?

Cross—I haven't had experience of that nature, but I'll say this—I don't think the purchasing agent should call the manufacturer without first having told the distributor about it.

Moderator—Do you ever find occasion, Mr. Duncan, to go to the manufacturer?

Duncan—Yes, and I would agree with Mr. Cross.

Moderator—Do you find it effective when you do go directly to the manufacturer?

Duncan—In most instances we do. We always make it a practice to try to work through the salesman who handles our account. If this doesn't bear fruit, we go to his management. And at that point we definitely indicate we are going directly to the manufacturer and lodge a strong protest and request direct assistance.

Stray—I wouldn't think it unethical if a purchasing man has been buying a certain commodity from us and all of a sudden, where he's been maybe a 500 buyer, maybe his requisition is 5,000 or 10,000. I'd say that that's what he's getting paid for.

Moderator—Some purchasing men seem hesitant to go directly to manufacturers for technical assistance on a product they buy through a distributor in the fear that they might alienate the distributor in some way. Do you think that's a foolish notion?

Duncan—We can't be concerned about the feelings of a distributor. If we have a problem that's costing us money, or down time, we go directly to whomever can most quickly help us.

Main—It usually pays to leave such contacts to the distributor for several reasons. One, the distributor would know the personnel in the manufacturer's plant who would be familiar with those items, and furthermore, the distributor probably could put a little more pressure on the manufacturer to get him down there in a hurry because his purchases of that manufacturer's products are a good many more times the volume of your purchases.

Price—I feel direct buyer-manufacturer contact is perfectly in order, but I think it would be a little bit foolish for purchasing to do that if the distributor is willing and cooperative.

Stray—There are many times when I think distributors can do

better in helping a buyer than can a manufacturer. We often represent several competitive lines and can give a buyer objective advice, or steer him to a manufacturer best suited to solving his particular problem.

Moderator—The matter of purchase order acknowledgements is another possible problem area that may warrant discussion. The acknowledgement is returned to the purchasing agent by the distributor and sometimes does not indicate delivery date or is a date just pulled

out of a hat. Who's responsible for this? Is this the manufacturer failing to notify the distributor? Or is the distributor failing to notify the purchasing agent properly?

Stray—That problem isn't serious with us. A big source of our trouble is unrealistic lead times on purchase orders. We have most of our trouble on items like grinding wheels, for instance. Purchasing pretty generally knows that if it's an unstocked wheel, it takes four to five weeks to cook it just like a mud pie.

Even though we will go out on orders and explain lead times, we continue to get purchase orders wanted in one week.

Believe me, we would like to ship immediately. We're not interested in products we're interested in receivables. And when we can take it off the shelf and ship it the same day and it becomes a receivable the following day, there's a possibility we made a buck. But when expediting goes to work, then we may handle this single transaction five times for a single receivable. So for that reason we are very strong inventory-wise and I think the bulk of our trouble on this acknowledgement deal is rather the

statement on the purchase order which involves an impossible delivery.

Cross—You don't acknowledge an order when you're going to ship in, say, 48 hours?

Stray—No. We hope to bill it first.

Kellam—Mr. Stray, you are one person who apparently knows this expediting business can be very costly. When buyers send you blanket orders for certain non-stock items—items they know they will use so many in five or six months—then your expediting costs should be shaved considerably. The buyer can guarantee you he will take the items out of your inventory

you are always "on target"

WHEN YOU USE THE SERVICES OF YOUR LOCAL STEEL SERVICE CENTER!

- ... When time is short—Call your steel distributor when there's no time to spare. He'll deliver your steel at once.
- ... When space is limited—Valuable storage space can be used as working space. Your inventory is stored at the Steel Service Center.
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- ... When special length bars are needed—Your Steel Service Center will cut any length required.
- ... When money is needed—No need to spend your cash on an inventory. Your steel distributor carries your inventory at his expense in his warehouse.

FOR YOUR COMPLETE STEEL SUPPLY NEEDS, A CALL TO YOUR LOCAL STEEL SERVICE CENTER WILL KEEP YOU "ON TARGET"

AMERICAN STEEL WAREHOUSE ASSN

KEYSTONE DRAWN STEEL COMPANY
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33 YEARS OF SERVICE TO STEEL DISTRIBUTORS

Your local Steel Service Center carries Keystone Bar Stock

rounds
squares
flats
hexagons
special shapes

in

leaded grades
carbon
alloy

within, say, five or six months. Don't you save money on that?

Stray—Yes. But often other costs come into the picture. Sometimes these costs aren't apparent as they should be.

Main—Along this line of cost of distribution, a few distributors have made breakdowns of their costs by units of cost to bill a purchase order, how much each of these functions cost, and then work out the gross profit. It's just the same as the cost analysis you manufacturers have in your own plants, only we've got this office procedure as our main cost. As the trend spreads, and distributors know better what their costs are, it's going to be beneficial for all of us. What we've done in the past is just taken margins of profit manufacturers have assigned to us and say there is a difference of 25% between the suggested selling price and your cost. Distributors have swallowed that and said, "That's fine. We can come out clean on that." The presumption was manufacturers made some study before they assigned these margins to the distributors, which they probably didn't do. Manufacturers have probably just picked that percentage out of the air somewhere as the figure distributors might be willing to work for rather than any function of cost. We must try to get the prices for functions that we're performing on the proper basis.

Kellam—The manufacturers can't figure out your costs of operation for you.

Main—No. The only person that can do it is the distributor himself.

Moderator—Time is running out, gentlemen. As a wind-up, we would like to swing around the table and give anyone a chance to make a final comment he may care to present.

Price—Through sessions like this we should get solutions to some problems. I think there is a need for educational work and communications, on the relationship and importance of the industrial distributor to the manufacturer. I think more emphasis should be placed on the

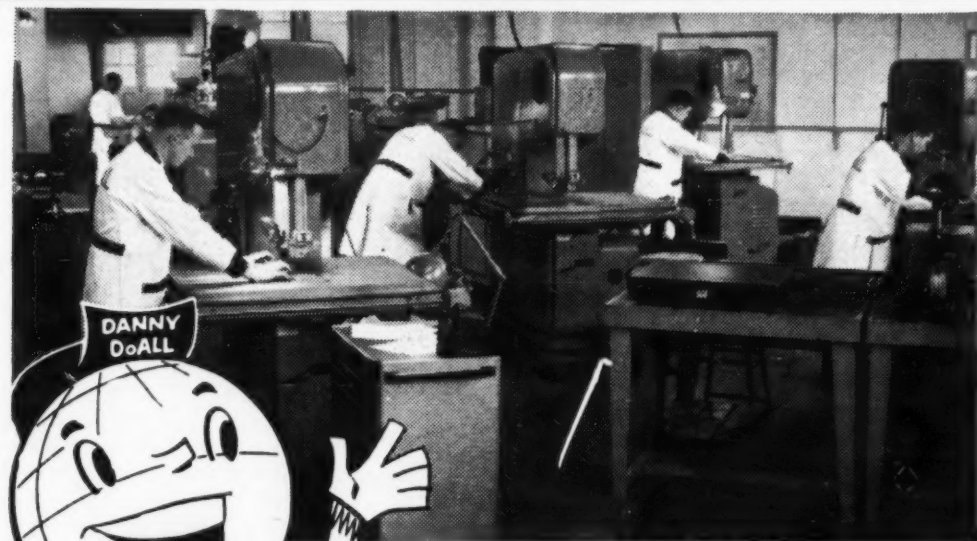
value added to distribution by the part of the industrial distributor. And, today, with the high cost of doing business, there's a real need on the part of manufacturers and distributors to take the inefficiencies out of their operations and reduce costs.

Duncan—In deference to our manufacturer and distributor friends, I would like to say that as a whole I think salesmen are definitely improved. I do feel, however, purchasing has made a lot of strides, too. We are getting people with a lot more talent than was the case several years ago. We have won more responsibilities and a greater degree of recognition. We feel that manufacturers and distributors, in recognizing this fact, should expose us to the best talent they have. Anything they can do to help us with our responsibilities will be appreciated. If they have salesmen come in who have something other than themselves to bring—an idea, a way to reduce costs, and so—we want to hear them.

Main—I agree with Mr. Price that we must take out inefficiencies from our operations and reduce costs. Possibly the best way for distributors to reduce their own costs is through quantity pricing on items which lend themselves to low units of billing. It doesn't make much difference whether items with a line of billing that can't get under \$50 carry a quantity price or not.

The other thing that I think gives us the greatest possibility of cutting down our costs, and, therefore, costs to purchasing ultimately, is standardization.

Kellam—I think purchasing people must make an effort to give salesmen an opportunity to contribute cost-saving ideas. The buyer can help the salesman, who in turn, can help the buyer. Also, it saves a buyer time and a distributor an expense, for a buyer to explain to a salesman why he can't buy from him when such is really the case. It's a two-way street—this buyer-distributor relationship.



Danny DoALL says:

"Do you know that DoALL's Sawing Research Laboratory will help you solve unusual band-sawing problems?"

SB-76 1/4



Problem materials? Difficult cuts? High costs? Get the answers FREE! Call your local DoALL store.

**THE DoALL COMPANY
DES PLAINES, ILLINOIS**

In the World of Sales

L. H. Averill has been named assistant general sales manager for **Chevrolet Motor Division, General Motors Corp.**, Detroit, in charge of the western half of the United States.

Lyle E. Baker has been appointed assistant general sales manager by the **Trent Tube Co.**, East Troy, Wis.

James G. Campbell has been named vice president-sales, **O. Ames Co.**, Parkersburg, W. Va. **J. Brunson Williams** has been made sales manager, **Tool Division**, of the company.

George J. Shordone has taken the post of sales manager, in charge of marketing and distribution activities, with **Tempo Instrument, Inc.**, Hicksville, N. Y. He had been with **Sperry Gyroscope Co.**, Great Neck, N. Y., and **Servomechanisms, Inc.**, Westbury, L. I., N. Y.

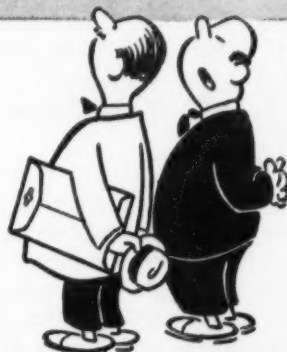
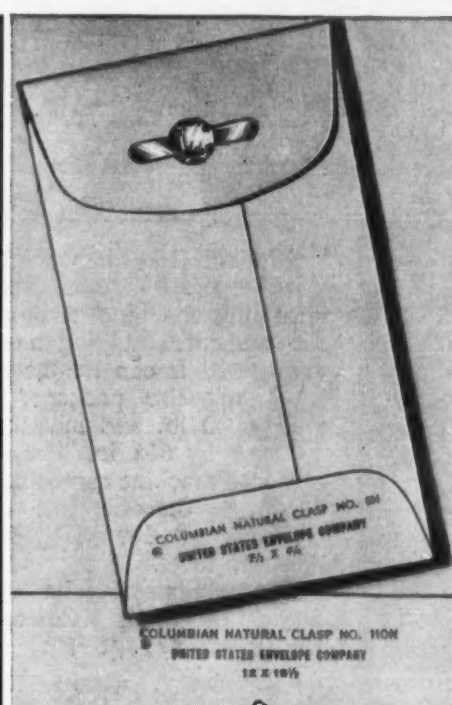
Carter B. Haley has been elected vice president in charge of Industrial Division sales, **Durkee-Atwood Co.**, Minneapolis.

Edwin R. Stroh has been assigned the newly created post of vice president and director of sales by the **Electric Auto-Lite Co.**, of Toledo, Ohio

Edward Lindberg, Jr. has joined **Redmond Co., Inc.**, Owosso, Mich., as field sales manager, a new post.

Russell B. Galloway has been promoted to general sales manager for **Synthane Corp.**, Oaks, Pa.

Warren S. Mann has been advanced to the position of vice president of sales, **Armco Drainage & Metal Products, Inc.**, Middletown, Ohio.



"That's right, George! Always look for the name Columbian® Clasp."

"It identifies the handiest envelope in the world . . . used everywhere to mail things, package things, or just to tote 'em around! It's made in 24 sizes, from the midget to the giant."

There are good reasons why you, too, should look for the name. It identifies the genuine Columbian Clasp envelope, made of extra strong Kraft paper in natural color or glazed brown; an envelope of guaranteed uniform quality, with wide seams, reinforced hole and securely anchored metal clasp which can be bent up and down many, many times without breaking.

Would you like to receive a free sample listing all 24 sizes, along with our improved Envelope Selector Chart? This chart also shows the Columbian String-and-Button envelope, available in the same sizes, along with 68 other U.S.E. Envelope styles. Pin this ad to your letterhead and mail it to Advertising and Sales Promotion Dept.

N-4

UNITED STATES ENVELOPE

COMPANY



Springfield 2
Massachusetts

Divisions from Coast to Coast

This advertisement appears in

BUSINESS WEEK
May 9, 1959

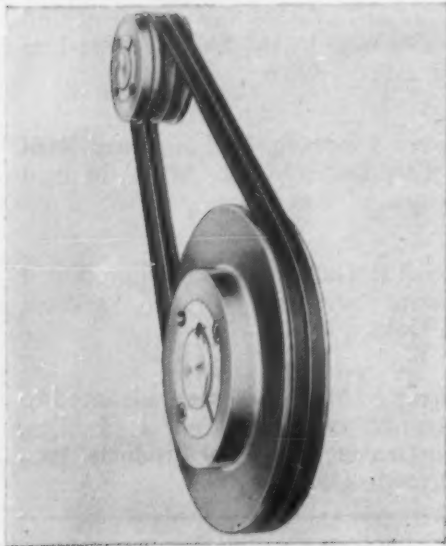
THE OFFICE
May 1959

It's easy to specify and reorder Columbian® Clasp Envelopes because the brand name, number, size, and our name as manufacturer are printed on each envelope.

This is a big advantage for PURCHASING EXECUTIVES as well as for other specifying officers.

Please accept this offer — for yourself and other department heads who can use this information.

PW-4



V-belt Drives

Save Space, Weight

"Dyna-V" V-belt drives are smaller, weigh less than conventional drives of the same hp. The majority of applications can be handled with $\frac{3}{8}$ in. wide belts and sheaves that are reduced in width and diameter. 3V series, from 1 to 10 grooves, will handle drives from 1 to 50 hp. 5V series ($\frac{5}{8}$ -in. belt), from 3 to 10 grooves, will take up to 200 hp. Belts can be manufactured to order to handle requirements up to 1,500 hp.

Price: \$22.50 (2 3V belts carrying 5 hp.). Delivery: immediate.

Dodge Mfg. Corp., Mishawaka, Ind. (P.W., 5/11/59)



Diamond Coring Machine

Drills Holes in Concrete

Mark IV diamond coring machine drills holes up to 8 in. in diameter in all types of masonry and reinforced concrete. Hydraulic feed automatically maintains the correct drilling pressure and the right rate of feed and automatically compensates for variations in the hardness of the material being drilled. Demountable drill head assembly permits remote operation high up on a wall or in hard-to-get-at places.

Price: \$885. Delivery: immediate.

Mobile Drill, Inc., 960 N. Pennsylvania, Indianapolis, Ind. (P.W., 5/11/59)



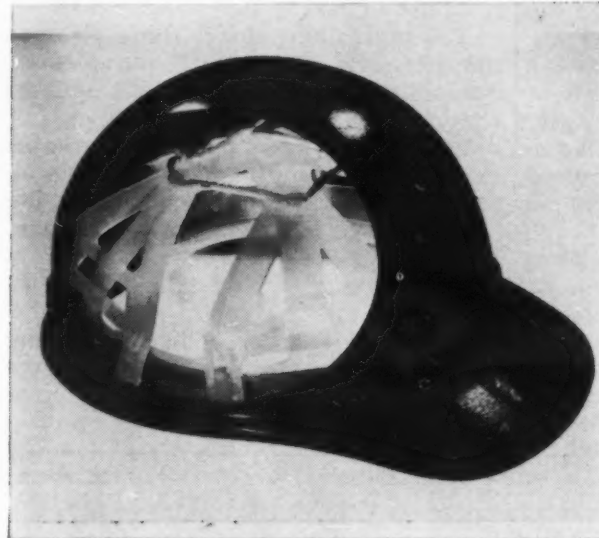
Strapping Machine

Portable Operation

Model 13 lightweight, power-operated round steel strapping machine tensions, ties, and cuts strapping in one operation. It can handle almost any size package. It weighs 20 lb. and measures 11 by 7 by $6\frac{1}{4}$ in. The air powered machine can be held readily by the operator.

Price: \$100. Delivery: Aug. 1, 1959.

United States Steel Corp., 208 S. LaSalle St., Chicago, Ill. (P.W., 5/11/59)



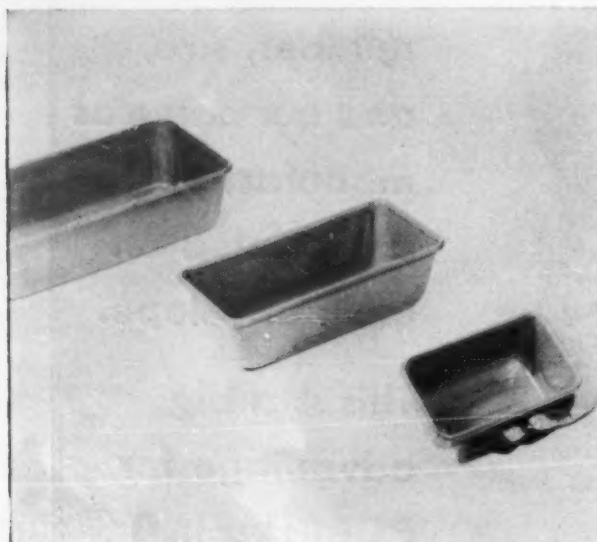
Safety Hats

Polyethylene Suspension

Caps and hats have polyethylene suspension system with lock straps that assure minimum $1\frac{1}{4}$ in. clearance between crown and hat shell. Plastic-zippered leather or leatherette sweatband may be replaced quickly. One cap or hat can accommodate all head sizes from $6\frac{3}{8}$ to 8 in.

Price: \$4.40 (hat), \$4.00 (cap). Delivery: immediate.

Boyer-Campbell, 6540 St. Antoine St., Detroit, Mich. (P.W., 5/11/59)



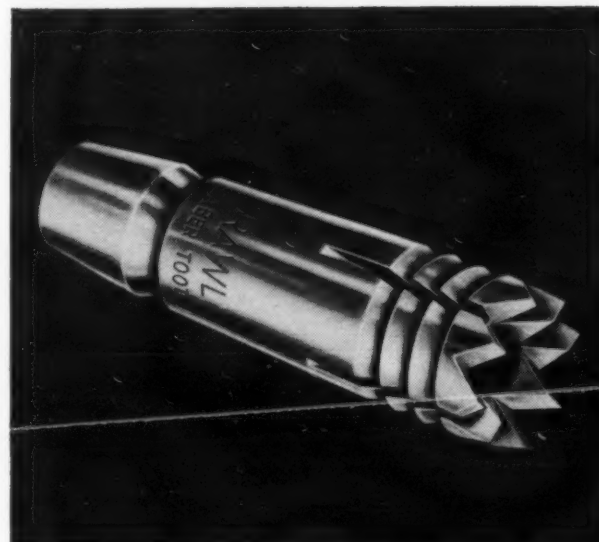
Tote Pans

Are Leak Proof

Leak proof steel tote pans provide economical method of handling small tools and parts. Leak proof construction allows use for washing operations. Drawn from one piece of 16 gage steel, the tote pans weigh $8\frac{3}{4}$ lb., measure 12 by 18 in. Smaller part pans are also available.

Price: \$1.90, small from 42¢. Delivery: immediate.

Berger Div., Republic Steel Corp., 1038 Belden Ave., N.E., Canton, Ohio. (P.W., 5/11/59)



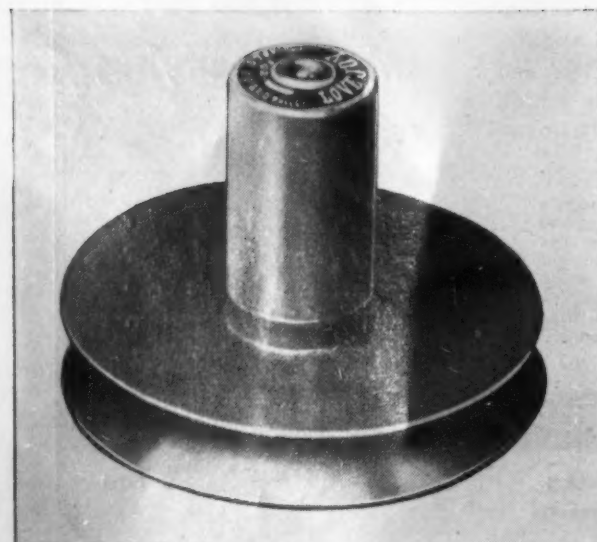
Masonry Anchor

Drill-Anchor Combination

"Saber-Tooth" combination drill-anchor drills its own hole, then becomes masonry anchor with holding power up to 17,860 lb. to fasten fixtures to concrete. Expander plug placed in drill end when anchor is driven home, expands at bottom of hole.

Price: \$15.07 ($\frac{1}{4}$ in. bolts). Delivery: Immediate.

Rawlplug Co., Inc., 248 Petersville Rd., New Rochelle, N. Y. (P.W., 5/11/59)



Variable Speed Pulley

Gives Quick Speed Change

No. 3050 variable speed pulley can provide speed ratios up to 3 to 1 at $3\frac{1}{2}$ hp. at 1,150 rpm. or 5 hp. at 1,750 rpm. Easily installed on old or new equipment, pulley changes speed with finger-tip pressure while machine is in motion. Standard bores are 1, $1\frac{1}{8}$, $1\frac{1}{4}$, $1\frac{3}{8}$.

Price: \$70. Delivery: immediate.

Lovejoy Flexible Coupling Co., Dept. 4949 W. Lake St., Chicago, Ill. (P.W., 5/11/59)



Electrode Holder

Prevents Shocks

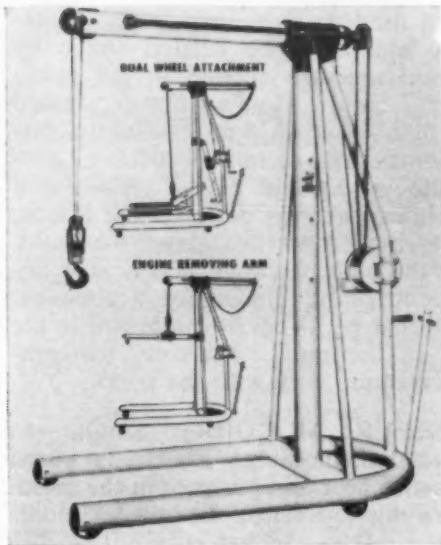
Holder for welder's electrodes has a built in safety cut-out to prevent accidental shocks. Its tip grip on electrodes permits using more of the rods than was previously possible. The heavy-duty copper jaws are adjustable to accommodate rods of different diameters. Bright red color stands out on bench.

Price: \$24.50. Delivery: immediate.

Ross Llewellyn, Inc., 228 N. La Salle St., Chicago, Ill. (P.W., 5/11/59)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



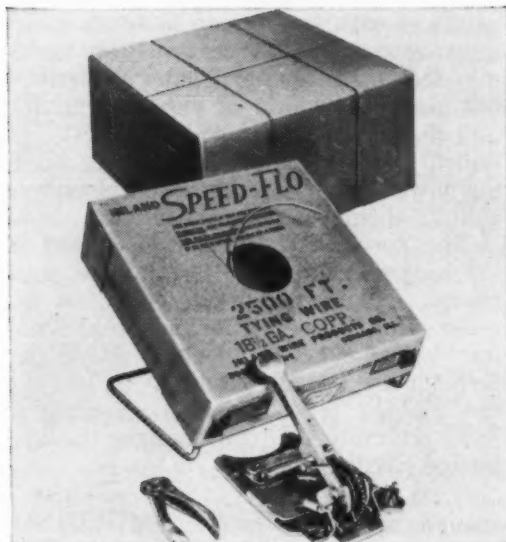
Floor Crane

Designed for Heavy Duty

Portable, 2-ton, floor crane is designed especially for hard-to-handle lifting jobs. Self-locking winch holds the load at any height desired. A retractable boom permits use of attachments for removing and installing heavy engines, transmissions, dual wheels, etc. Capacity is 4,000 lb., minimum reach 12 in., maximum reach 42 in., and lift 78 in. Overall weight is 570 lbs. Construction is of tubular steel.

Price: \$595. Delivery: 2 wk.

Star Machine & Tool Co., 201 S. E. Sixth St., Minneapolis, Minn. (P. W., 5/11/59)



Strapping Kit

Complete with Wire

Round Steel Strapping kit is designed to reinforce, seal or bundle small shipping cartons for office and shipping rooms where heavier strapping equipment would be impractical. Kit comes with light weight, single stroke steel strapping unit and 2,500 ft., 18½ gage copper coated strapping. The unit tensions and ties the packages with a single stroke of a lever.

Price: \$57.85. Delivery: 10 days.

Inland Wire Products Co., 3947 South Lowe Ave., Chicago, Ill. (P. W., 5/11/59)



Floor Topping

Is Corrosion Resistant

Chemi-Top is a corrosion resistant floor topping for food plants, refineries, bottling plants, chemical processors, and other plants having corrosion problems. It is a dense, non-porous surface-forming compound that will also withstand wear and impact. Applied ½ in. thick, it bonds firmly to concrete, metal, or wood. It sets for foot traffic overnight.

Price: \$1. to 1.50 per sq. ft. Delivery: immediate.

Garland Co., 3748 E. 91st St., Cleveland, Ohio. (P. W., 5/11/59)



Comparator

Is Pocket Sized

Pocket sized comparator with 6-power magnification and a real etched glass reticle designed for on-the-spot checking of linear dimensions, radii, and angles. Reticle scales include angle scale, radius pattern, several linear length scales, and diameter matching set of holes.

Price: \$19.50. Delivery: immediate.

Edmund Scientific Co., Barrington, N. J. (P. W., 5/11/59)

This Week's

Product Perspective

MAY 11-17

There are some things shaping up in V-belts and V-belt drives that are slated to improve the way mechanical power is transmitted.

Basic objective of the manufacturers' efforts is to pack more power-handling ability into a smaller belt or drive. They are realizing this objective through the use of new construction materials and new design concepts. The old familiar V-shaped cross-section is giving way to modified versions of the V.

For purchasers, there are these benefits:

- Fewer belt sizes to keep in inventory.
- Smaller, less costly sheaves. More compact drives.
- More capacity for a given belt.
- More versatile drives.

Here's a sampling of what the manufacturers are offering:

A modified V-shaped belt has its width dimension far less than its depth dimension compared to conventional belts. Its top is arched and its sides are convex. New material in the belt's cover is more flexible. The new design lets users transmit up to three times as much horsepower in the same space taken by conventional V-belts. Sheaves can be smaller while still meeting National Electric Manufacturers Association standards. And the center-to-center distance also shrinks. Fewer belts are needed in inventory. Three of the new belts will handle the 1-to 1,500-hp. range compared to the five needed with conventional belts. (Gates Rubber Co., Super HC)

A cross between a V-belt and a flat belt is specifically designed for variable speed drives. In section it looks like an arc of a circle. This section facilitates the belt's sliding up and down the groove of a variable diameter sheave. Notches on the belt's bottom add flexibility for use with small sheaves. (Goodyear Tire & Rubber Co., Industrial Products Div.)

Another V-belt, soon to be made available, doubles as timing belt. One side of the belt has the standard V-shape; the other has a toothed contour much like standard timing belts. With this combination shape, the belt can drive machines from both sides. It's expected to have applications in places that need power transmitted from a single shaft to a number of shafts. (U. S. Rubber Co.)

Extensive tests of its line of V-belts led one manufacturer to up horsepower ratings 40% with no change in belt size and construction. Tests showed new synthetic cord construction capable of taking greater loads than originally anticipated. (Dayton Rubber Co., Thorobred)

A new V-belt drive bases its reduction in space, weight, and cost on the use of stronger alloys in the sheave and synthetic fiber and rubber in the V-belt. Belt cross-section also has a crowned top with concave sidewalls. (Dodge Mfg. Corp., Dyna-V)

One of the big reasons the new belts can take higher loads is the use of synthetic fibers. Nylon is used in some constructions, but the comer among the synthetics is Dacron. It's a polyester fiber that possesses high strength while it resists stretching. Also it has a high enough heat resistance to take the heat produced in high speed, high power drives.

Another development is the use of synthetic rubbers. There's a wide variety to choose from. But in general they are more flexible, more heat resistant. And they let the belt designer have a great deal more leeway in designing a belt.

A new impact extrusion technique for aluminum has been developed by the Aluminum Co. of America. It's called lateral impact extrusion. It can fabricate such complex shapes as faucet handles and the hub and spokes of a steering wheel in one operation.

With the technique, metal can be made to flow outwards at any angle from the direction of the impact stroke. In conventional impact extrusion, metal flows up around the punch down into a die, or a combination of these two.

Lateral impact extrusion is expected to find application on parts that combine an intricate hub, or core, with such lateral extensions as spokes or vanes. It would also be used where strength or tolerance properties, and economy of a finished impact exceed the results possible with drawing, forging, or casting.

Your Guide to New Products

(Continued from page 29)



Plastic Container

Can Handle Most Liquids

One gal. rigid polyethylene container is shatterproof and resists corrosion and most chemicals. The square shaped container is 2½ lb. lighter than a glass jug of the same volume and takes up to 37% less space. Containers can be frozen or sterilized, and can be easily disposed of. Equipped with a rigid neck for standard closures, the container can be produced in a variety of colors. Also available in ½ gal. size.

Price: 25¢ each in lots of 10,000. (1 gal.) Delivery: immediate.

Plax Corp., Box 1019, Hartford, Conn. (P.W., 5/11/59)



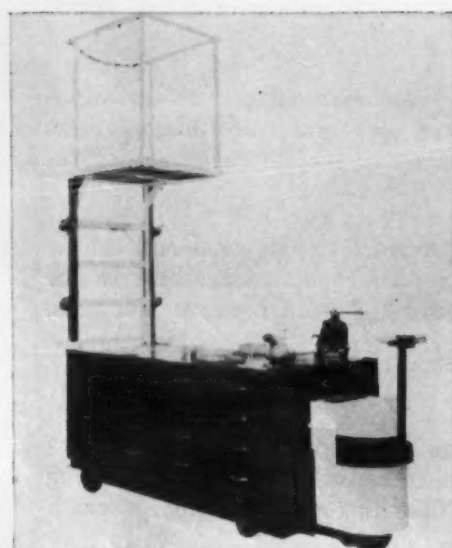
Pail

Will Resist Acids, Oils

Fortex NPL 80-18 molded Neoprene pail holds 18 qt. of liquid. It is especially designed to resist acids, gasoline, oils, paints, etc. Molded in one piece and reinforced with fabric there are no seams to split, crack or bulge. It weighs approximately 6 lb. The pail is graduated in quarts and half gallons and has a molded pouring lip and a rubber covered handle. It will not spark when scraped or dropped. Also available in 10 and 12 qt. models.

Price: \$84. per dozen. Delivery: immediate.

Cauchotex Industries, Inc., 44 Whitehall St., N.Y., N.Y. (P.W., 5/11/59)



Mobile Work Shop

Houses Complete Maintenance Shop

Shop-Van is a self-propelled, mobile work shop designed for use in maintenance, repair and overhead assembly. The battery powered unit will transport 2,000 lb. of tools, materials, and equipment. Constructed of welded steel, the Shop-Van comes complete with telescoping work platform (to height of 10 ft.), battery, bench and pipe vises, and a large cabinet. Speed is 2½ mph., and the truck can make a complete turn in its own length.

Price: \$1,975. Delivery: 30 days.

Vanguard Engineering Co., 1908 E. 66th St., Cleveland, Ohio. (P.W., 5/11/59)

Purchasing Week Definition

Types of Electric Motors

1. A. C. (polyphase)

Induction. Basic motor of industry. Speed is not variable unless special circuits are used. Speed regulation varies from 3 to 5%. Used for light-duty fans, compressors, etc.

Wound Rotor. Speed can be adjusted up to 50% by changing resistance of rotor. Speed regulation varies 3 to 5%. Used in hoists, conveyors, etc.

Synchronous. Speed is constant and will not vary with load. Characteristics of motor will improve power factors. For direct connection to slow-moving machines.

2. A. C. (single-phase)

Induction. Characteristics similar to

polyphase induction motor. Used for low hp. applications. Extra winding is needed for starting.

3. Direct Current.

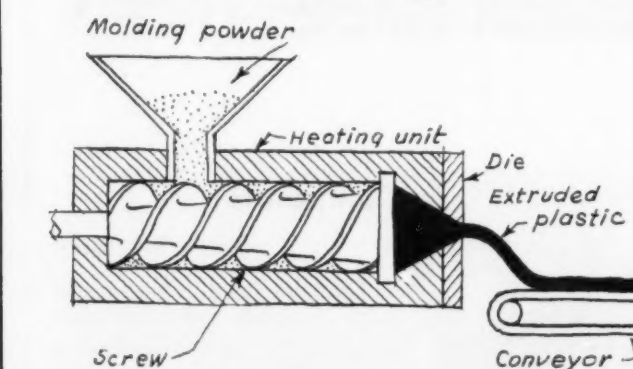
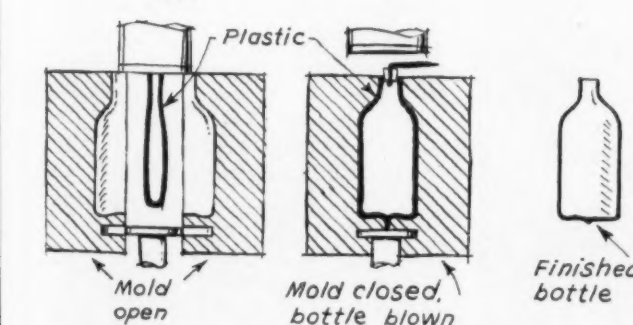
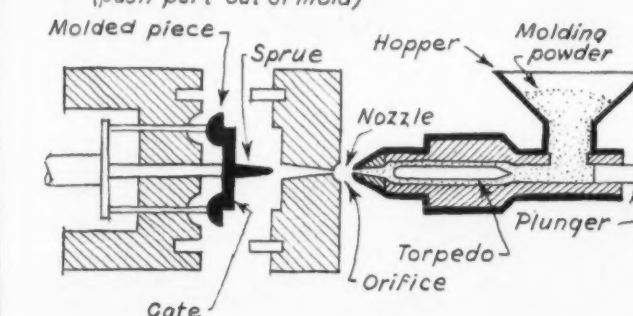
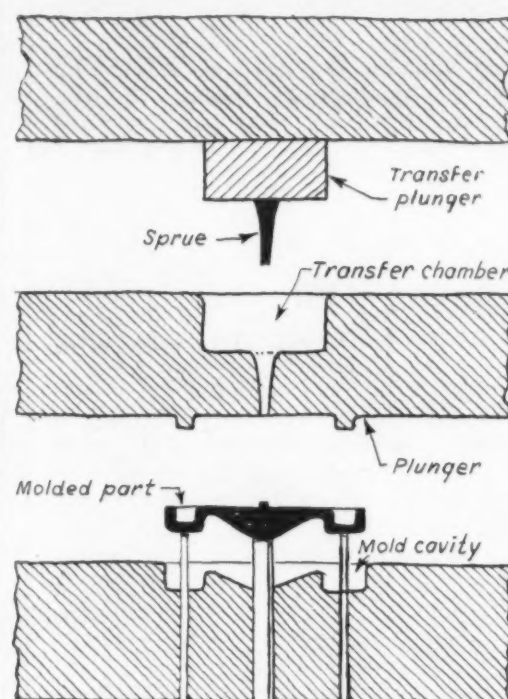
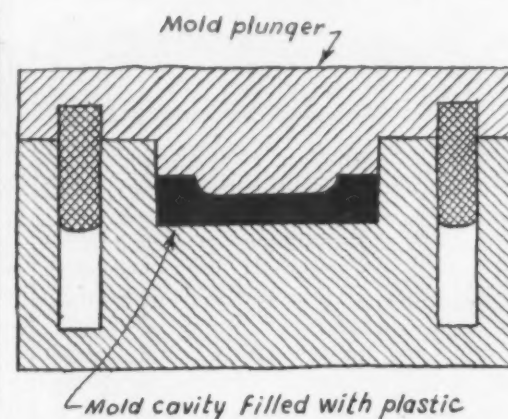
Variable speed control. Speed regulation will vary 5 to 10% with changes in load.

A. Series. Where high starting torque is needed, and speed can be regulated. For traction, hoists, etc.

B. Shunt. Where constant or adjustable speed is needed and starting conditions are moderate. Fans, pumps, etc.

C. Compound. For high starting torque combined with fairly constant speed. Used on geared elevators, punch presses, etc. (P.W., 5/11/59)

PLASTICS: How They Are Processed



COMPRESSION MOLDING: Common method used to form thermosets. Material is squeezed into desired shape by heat and pressure applied to the material in a mold. Molding powder mixed with fillers—wood flour, cellulose, asbestos—to give certain properties, goes into the open mold cavity. The mold then closes, pressing down on the plastic, causing it to flow throughout the mold. While the mold is closed and heat is applied, the plastic undergoes a chemical change that permanently hardens it in the shape of the mold. Pressure, temperature, and time vary with the part.

TRANSFER MOLDING: Similar to compression molding. Plastic is cured (set) under heat and pressure in the mold. There's this difference: In transfer molding, the plastic is heated until it becomes soft before it reaches the mold. There it is forced into a closed mold by a hydraulically-operated plunger. Transfer molding permits molding of intricate products with small deep holes or many metal inserts. With compression molding, the dry molding powder sometimes disturbs the position of the metal inserts and the pins which form the holes. The liquefied plastic material in transfer molding flows around these metal parts without shifting them out of position.

The sprue is the material formed in the hole that feeds plastic into the mold cavity. The sprue is broken off as the mold is opened. During the mold-opening cycle, knockout pins move up through the bottom of the mold to eject the molded part. Transfer molding is most generally used for forming thermosetting plastics.

INJECTION MOLDING:

Forms thermoplastics. With modifications can be used to form thermosetting plastics. Process starts with plastic in hopper. Plunger takes plastic from hopper, pushes it through a heating chamber, where it softens. Soft plastic is forced under pressure through nozzle into mold.

BLOW MOLDING:

Used with thermoplastics. Plastic is first stretched then hardened against a mold. Gob of molten plastic is formed into rough shape of finished product. Shape then goes inside mold and air is blown in. Effect is much like blowing up balloon, except that plastic is confined by mold.

EXTRUSION MOLDING:

This technique forms thermoplastics into continuous sheet, film, tubes, rods, profile shapes, filaments. It also coats wire, cable, and cord. Dry plastic starts out in the hopper. A continuous screw moves plastic through a heating chamber where it melts. Molten plastic is forced out through a die with the desired shape.

OTHER PROCESSING TECHNIQUES: **Sheet forming** uses heat and/or pressure to form sheet or film to a mold contour. **Casting** is done with both thermosets and thermoplastics. The material is molten and is poured in open or closed mold shaped as desired. **Calendering** turns thermoplastics into film and sheet. Plastic is squeezed between a series of heated rollers until it comes out in sheet or film form. **Coating** works with both thermosets and thermoplastics. Coating techniques include: knife or spread coating, spraying, roller coating, dipping, and brushing. **High-pressure laminating** binds together under heat and pressure thin layers of material and plastic. Reinforced plastics are made from layered material with little or no pressure.

Drawings based on information supplied by Society of the Plastics Industry, Inc.

Kinds, Where to Use Them, What They Cost

Thermoplastics

Kind of Plastic	Properties	Forms Available	Product Examples	Approximate Price Range ¢/lb.*
Acrylonitrile-butadiene-styrene (ABS)	Exceptionally tough, strong. Can be colored. Resists weather, chemicals. Good moldability.	Sheet for thermoforming, injection molding compounds, extrusion and calendaring compounds.	Pipe and pipe fittings, valve parts, battery cases, appliances, fan blades, housings for radios.	58
Acetal (Delrin)	High strength, stiffness, high heat resistance, excellent fatigue life, high solvent resistance, low frictional properties. Resembles nylon.	Compounds for extrusion and molding**	Gears, housings and cover plates, plumbing and hardware, auto interior trim, aerosol containers, appliance parts, pump impellers, carburetor parts.	95
Acrylics	Exceptional clarity, good light transmission. Can pipe light. Hard, rigid, resistant to sharp impact. Excellent weatherability. Not brittle at low temperatures. Withstands normal hot water temperature. Some grades resist to 185F. Should not be cleaned with grit-containing materials.	Rigid sheets, rods, tubes. Molding powder, solutions, adhesives. May be colorless or full range of transparent, translucent, and opaque colors. Syrup-form finding use in weather-resistant reinforced plastics.	Optical parts such as architectural and aircraft glazing, lenses (made from cast acrylic). Display signs, instrument panels, auto taillights and medallions (injection and extrusion grades).	51 to 80
Cellulosics (cellulose acetate C/A, cellulose acetate butyrate CAB, cellulose propionate CP, ethyl cellulose E/C.	Strong, durable, colorful. Withstand moderate heat. C/A: resists most household chemicals; not alcohol, alkalis. Resists oil, gasoline, cleaning fluids. CAB, CP: only cellulosics recommended for outdoor use. Some types resist water near boiling. E/C: keeps toughness and resiliency at sub-zero temperatures.	C/A, CAB: pellets, sheets, film, rods, tubes, strips, coated cord. CP: pellets for extrusion, compression, injection molding. E/C: granules, flake, sheet, rod, tube, film, foil.	C/A: buttons, toys, electrical parts, cutlery handles (injection molding). Packaging, vacuum-formed parts, tape, insulation (sheet, film). CAB: telephone handsets, radio housings, steering wheels (injection molding). Outdoor signs (sheet). CP: auto arm rests, radio housings, pen and pencil barrels. E/C: tool handles, garage door rollers.	35 to 61 C/A 40 to 71 CAB 63 to 71 CP 72 to 80 E/C
Chlorinated polyether (Penton)	Extreme chemical resistance, can be extruded and injection molded. Excellent heat resistance. Low moisture absorption. Excellent mechanical strength.	Compounds for extrusion and injection molding.	Gaskets, valves, pump bodies and impellers, pipe. Where corrosion resistance is needed.	600
Fluorocarbons (chlorotrifluoroethylene, CFE; trifluorochloroethylene TFE)	Chemical resistance. Stable over wide temperature range. High heat resistance: to 400F. (CFE); to 500F. (TFE). Low moisture absorption. High arc resistance. CFE can be molded or extruded conventionally. TFE formed, extruded as powder.	Powder, granules, sheets, rods, tubes, tape, dispersions.	Electrical insulation, pump parts, gaskets, packings, laboratory ware, linings, laminates.	700 CFE 450 TFE
Polyamides (nylon)	Tough, resists abrasion, durable, good chemical resistance, resists heat, good dielectric properties, low frictional properties. Can be molded into complex shapes.	Molding powder, sheets, rods, tubes, filaments. Film in development stage. Special types: powder for sintering; glass reinforced, soluble for coatings.	Slide fasteners, gears and other mechanical parts, faucet washers, wire and cable insulation, tubing, industrial fabrics.	100 to 180
Polycarbonate (Lexan)	Extreme toughness, excellent dimensional stability, starts to distort at 280F., good electrical properties, good fatigue resistance, excellent chemical resistance.	Compounds for injection molding and extrusion.***	Housings for business machines, electrical apparatus. Gears, bearings, fasteners, cams, valves. Possible replacement for zinc die castings in some applications.	250
Polyethylenes	Low density: flexible, low heat resistance, high impact strength. Medium density: less flexible. Heat resistance to 160-200F. Less permeable than above, less impact strength. High density: stiff, resists over 200F., strongest polyethylene, least ductile, permeable.	Pellets for injection molding and extrusion, film, sheet, rod, tubing, fiber, foam.	Packaging: carboys, drums and drum liners, squeezable bottles, produce, food, and candy bags, freezer bags, coatings and laminations. Low density: housewares, toys, packaging film, pipe, tubing. Medium density: housewares. High density: pipe, housewares, housings, closures, valves.	35 to 43
Polypropylene	Rigid, high tensile and impact strength. Continuous-duty temperature: 230F. Excellent dielectric properties. Low water absorption. Resists chemical attack.	Compounds for injection molding and extrusion, film, sheet, fiber, rod, tubing.	Pipe, pipe fittings, machine parts, electrical insulation, sterilizable containers, carboys, drums, battery boxes, appliance housings, rope.	42
Polystyrenes (modified, general purpose)	Modified: tough, shock resistant. Chemical resistant, craze and thermal shock resistant. General purpose: hard, high clarity, low impact strength, low service temperature: 160F. Colorable. Excellent dielectric properties.	Compounds for injection molding and extrusion, sheet, film, rods, foamed blocks, adhesives, and coatings. Glass-reinforced molding compounds.	Appliance housings, refrigerator door liners and parts, storage boxes, packages and containers, toys, housewares, wall tiles. Foam: insulation, flotation gear, display items.	24 general purpose 38 modified
Vinyls	High strength, rigid. Addition of plasticizer makes material flexible. Resists abrasion, chemicals, water, heat, cold. For indoor use primarily, but some types have excellent weatherability. Self extinguishing. Wide color range. Excellent electrical properties. Many types for many purposes.	Compounds for injection molding, extrusion, castings. Sheet, film, foam, fiber, rods, tubes. Not all forms in all types.	Pipe, pipe fittings, valves. Records, shower curtains, upholstery, hose, wire and cable insulation, gaskets, floor and wall coverings, coated materials.	27 to 47

Thermosets

Epoxy	High strength when used in laminates. Rigid, but can be made flexible. Outstanding ability to bond materials. Excellent chemical resistance, low moisture absorption, good electrical properties.	Casting, laminating, and foaming resins. Molding compounds under development. Adhesives, coatings.	Electrical components, high-strength, high-temperature laminates, printed circuits, tools and jigs, protective coatings.	60
Melamines, Ureas	Hard, high-temperature resistance, high dimensional stability, low moisture absorption, unlimited colorability, excellent dielectric properties.	Filled and unfilled molding compounds, laminating resins.	Colorful tableware, consumer and industrial laminates, auto distributor heads, baking enamel finishes, textile and paper treatment.	42 to 45 Melamine 20 to 33 urea
Phenolics	Hard, rigid, strong, high-temperature resistance to 400F. Some varieties to 600F. Chemical resistance. Limited in colorability.	Filled and unfilled molding compounds. Preforms, boards, planks. Resins for impregnants, bonding agents, coatings, foams.	TV and radio cabinets, handles for electrical appliances, grinding wheels, tool and forming dies, electrical components, washing machine agitators.	19 to 40
Polyesters, alkyds	Excellent dimensional stability, good dielectric properties, unlimited colorability. In liquid form they cure fast at room or elevated temperature.	Liquid, powder, premix molding compounds, cast rods, sheets, tubes. Some polyurethanes are based on polyesters. They are foams, both rigid and flexible.	Impregnated glass, paper, synthetic and natural fabrics to make reinforced plastics in boats, panels, aircraft, truck, and bus components, electrical parts, furniture. As castings for buttons, jewels, lenses, electrical potting. Premix molding compounds: ducts, refrigerator parts, housings.	35 to 75
Silicones	High heat stability to 590F., depending on filler material. Good dielectric properties. Excellent chemical and water resistance. Retains strength at high temperatures.	Molding compounds, laminating and casting resins, coatings, rubbers, dry powder for rigid foams, high-pressure laminates.	Mostly electrical products: switch parts, coil forms, motor insulation. Laminates as radomes, ductwork, arc barriers, electrical equipment housings.	160 to 540

* Based on large-quantity purchases of resin or molding compound. Special formulations not included. ** Not commercially available until later this year.
*** Semi-commercial quantities available. Price expected to be about 125 when commercially available.

Steel Warehouses Report Inventories Far Above 1956 Pre-Steel Strike Level

Chicago—Steel warehouses assured customers this week that they have built up inventories to a level far above the supply on hand at the same time prior to the 1956 steel strike.

Robert G. Welch, executive secretary of the American Steel Warehouse Association, said steel service centers have stocked 3.7 million tons of steel—about one million more than was available at the warehouse level three years ago.

The current inventory of steel held by warehouses ordinarily would last for about 5½ months. But a strike demand would cause some items to become scarce within 60 days, Welch estimated in a report at the association's 50th annual meeting.

Larger inventories held by warehouses were attributed mainly to the fact that a shortage of plates and structurals that marked the pre-strike period in 1956 does not exist now. The steel industry has added considerable capacity for those products with structurals, especially in the heavier lines, described as in "substantially better supply."

Association officials described current business as "very good" at the steel warehouse level. Demand is unusually strong in Midwest areas—mainly Chicago, Minneapolis-St. Paul, and the Tri-Cities—largely reflecting high production schedules of the farm equipment, appliance, and consumer goods industries.

Welch said reports from ware-

housemen indicate some customers allowed themselves to be caught short, not only by failing to hedge against strike needs, but also by not anticipating their own production increases which have necessitated more steel.

Strike a "Cinch"

An assessment of opinion among the approximately 1,000 warehouse industry men attending the Chicago convention last week indicated the vast majority believe that if the steelworkers continue to press current demands, a strike after June 30 will be a "cinch."

The American Steel Warehouse Association firmly backs the mills in taking a firm stand against a wage increase now, Welch said.

Stauffer to Discontinue Making Tartar Products

New York—Stauffer Chemical Co. has signed an agreement to have tartar products manufactured in Europe. Stauffer officials said their firm was forced to discontinue tartar chemicals because of import pressure and an unfavorable tariff situation on this line of chemicals.

The company, which has been a major U. S. producer of tartar products for 60 years, will maintain stocks of tartaric acid, cream of tartar, and tartrates in New York, Chicago, and the West Coast.

Senate Probes Soviet Lab Supplies Sales

(Continued from page 1) tested that the Soviet Union is selling "amazingly good" equipment below cost in order to undermine U. S. producers—despite the 42% tariff. He also argued that school children, noticing that their laboratory equipment bore a "made in Russia" stamp, would come to believe stories about Soviet technical superiority—an idea which Sen. Albert Gore (D., Tenn.) promptly ridiculed.

Other Senators prevailed upon the New Hampshire Republican to withdraw his amendment until the situation could be studied. They pointed out that the whole complex of trade with the Soviet Union, as well as broader foreign policy questions, is involved. Further, it raises a question of federal interference in local school administration since the equipment is purchased by local school districts with both federal and state money.

Bridges admitted that he did not know how extensive such imports are or whether the Soviets are actually selling below cost and purposely "dumping" the goods. But he drew a parallel to recent Soviet efforts to upset the world aluminum market by dropping prices.

One possible explanation for the situation, pointed out by trade experts, is that the Soviet school lab instrument industry is huge as a result of Soviet emphasis on science education. Having amortized engineering and development costs, the Russians could turn out lab equipment at little more than the cost of materials used. On the basis of reports coming out of Russia, the same kind of production may spill over before long into some other lines such as communications equipment and high-speed cameras.

"Purchasing for Profit" Sessions Becoming Popular with Management

(Continued from page 1) the result of a recent successful session held March 23-27 at its Skokie, Ill., headquarters offices (P.W., Mar. 23, '59 p. 1).

Future I.M.C. meetings will be rotated among major installations of the chemical manufacturing firm.

Rockwell Mfg. Co.'s purchasing director, C. Warner McVicar, summoned his purchasing staff from 22 Rockwell locations to a three-day "purchasing savings" meeting in Pittsburgh last month. Future sessions will be held bi-annually, it was decided, after Rockwell officials assessed the results and termed the meeting a definite success. The Rockwell P. A.'s heard from leading executives in the steel and other metal industries, plus their own company "brass." But most of the three days was spent in shirt-sleeved sessions in discussion and debate of current purchasing topics—with emphasis on purchasing profits.

One of the most enthusiastic responses to a first attempt at assembling an entire purchasing staff from around the country came from Kellogg Switchboard & Supply, a Chicago subsidiary of I.T.&T.

All P.A.'s Together

Kellogg's purchasing director, Harry O. Nordberg, who operates a decentralized purchasing organization, decided to bring in all the plant P.A.'s to discuss common problems. The meeting was a two-day affair held early in March at a Chicago hotel. The Kellogg management waxed so enthusiastic about the idea that it was decided to hold three more this year—although in subsequent years the meetings will go on a semi-annual basis.

Kellogg's second meeting of 1959 will be held next month at Raleigh, N. C. Each Kellogg P.A. has been instructed to bring a

half dozen detailed examples of how he's accomplished a cost reduction.

The March program arranged by Purchasing Director Nordberg included a comprehensive list of some 30 discussion topics which covered both the routine and controversial. Many of them were only touched on in March and will be discussed again in June.

The subjects included, for example: steel and copper situation as they relate to each Kellogg product line, problems incurred by decentralization, supplier rating and certification, inventory control, how to determine a buyer's efficiency, and cost reduction programs.

Four-Day Session

Dresser Industries completed a four-day session last month at which 35 purchasing men and their assistants from Dresser plants in six states gathered in Houston. Three previous Dresser purchasing sessions were held in 1955, 1956, and 1957 at Dallas. The next one, either in 1960 or 1961, probably will be held in Pennsylvania where Dresser has several plants which the purchasing group would like to inspect.

Dresser's assistant director of purchasing, Robert D. Crane, said the theme of the meeting this year was "purchasing for profit because of the profit squeeze all corporations face today with increased material costs." Another phase of the Dresser conference was to get all purchasing people together to swap ideas and experiences.

Product management is a "fairly new concept with Dresser and is working out beautifully in some of the Dresser companies," Crane said. "Therefore, one purpose of the conference was to make all Dresser purchasing people aware of what product management is."

For information on conditions, trends and markets in the chemical industry, see the men from

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OLIN MATHIESON CHEMICAL CORPORATION
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Detroit Harvester Buys Hydraulic Lift Company

Detroit — Detroit Harvester Co. has entered the service station and safety-lane line with the purchase of Weaver Co. of Springfield, Ill. Purchase price was estimated at \$3 million.

Weaver, a 50-year-old firm, will become a wholly-owned subsidiary of Detroit Harvester. Weaver specializes in a hydraulic lift for heavy automotive work.

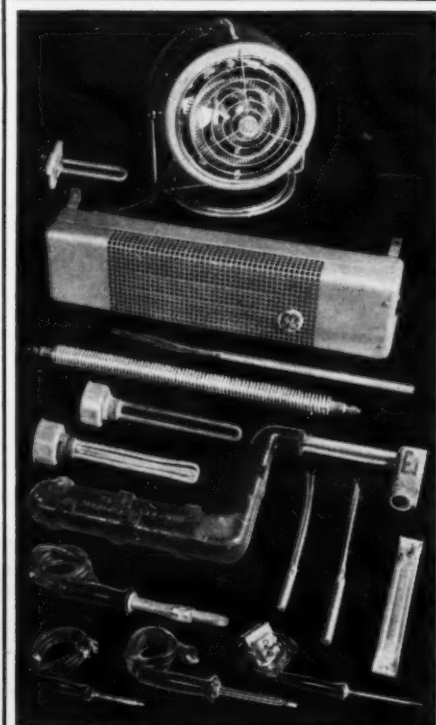
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GENERAL ELECTRIC

Foreign Perspective

MAY 11-17

London—Wool and rubber are way out ahead in the commodity price race here—but most raw materials are also looking healthier than before.

Here's a quick summary of how markets are looking during the second week in May:

Wool prices are sharply up—partly because of higher consumer demand, partly because market sentiment is cheerful. Prices are likely to stay firm, especially if Russian buying materializes following the resumption of diplomatic relations with Australia.

The rubber price still is firm at a high level. No one expects any major setback. But the possibility of synthetic gains if the natural product edges too high cannot be discounted.

In the metals field, copper has been steadier, helped especially by stateside announcement that no stockpile sales would be ordered. Main factor still is labor outlook in the U. S.

Tin has been steady and will probably stay pretty firm. Better demand will tend to be offset by International Tin Council's buffer stock sales and potential output increases by producer countries.

• • •

Paris—Continued importation of Rumanian oil has stirred up a lot of criticism here.

According to a recent agreement, France will import 310,000 metric tons of Rumanian oil products in 1959. That's 10,000 tons more than was imported in 1958.

Although the increase is small, dissatisfied French oil circles point out that any rise is contrary to government policy of decreasing oil imports to make way for large quantities of Sahara oil soon to be available.

Furthermore, the oil industry objects on principle to boosts in imports from iron-curtain countries because of their unreliability in times of crisis when Communists are apt to use oil supplies as a political weapon.

One reason given for the deal: France wants to keep up a flow of trade with Iron Curtain countries, and Rumania has virtually nothing to offer but oil products.

No breakdown of 1959 imports by product is as yet available. However, industry sources expect it to be roughly same as last year: one-third gas oil, a little less than one-third gasoline, and the rest low-sulfur fuel oil.

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**THE DoALL COMPANY
DES PLAINES, ILLINOIS**

Tokyo—Japan has joined the rest of the world in reporting a growing glut of coal.

Although Japan's economy is fast recovering, latest Japanese statistics show unsold coal stockpile up to record levels—somewhere around the 11-million ton mark. It's just a case of too much production outrunning demand.

This occurred despite the fact that production last year eased off to 39.1 million tons—10% below 1957 levels.

Aim is to bring down stockpile to 6.5 millions tons by next April.

To do this the Ministry of International Trade and Industry (M.I.T.I.) has just imposed quotas on coal mining. During the next months, output (excluding coking coal) will be limited to a 36.9 million ton annual rate—83.2% of the normal production level.

• • •

Hong Kong—Europe, looking all around to expand its markets, is rapidly increasing its trade with Red China.

British 1st quarter 1959 exports to the Chinese mainland, for example, were more than double the 1958 figure.

Non ferrous base metals—chiefly copper wire—made up the largest single category in the U.K. shipments, accounting for some \$7.8 million. Iron and steel shipments totalled \$5.6 million; wool and other animal hair and tops, \$1 million.

Imports from Red China also showed a substantial rise—from \$10.3 million to \$14 million.

In the key steel area, England is only one of many European nations exporting to Red China.

The five principal steel-supplying countries of Europe exported some \$144 million worth of steel products to Red China during 1958—broken down as follows: West Germany, \$70 million; France, \$29.7 million; Belgium, \$19 million; Italy, \$12.9 million; United Kingdom \$12 million.

• • •

New Delhi—Lead and zinc are the latest two items scheduled for expansion in rapidly industrializing India.

When the project is completed it should add another international source for the already-plentiful supply of these two metals.

A British company, Rio Tinto Ltd., proposes to invest \$1.26 million in the Zawar lead and zinc deposits in Rajasthan, India. Agreement to develop mine has been signed with Metal Corporation of India, according to British sources here.

The Zawar deposits are near Udaipur, some 400 miles from Bombay. Metal Corp. always has worked the mine on a small scale. **But deposits are extensive enough for working on a larger scale, Rio Tinto says.**

The company aims to provide technical and commercial know-how to expanding the mine. They will also construct a zinc smelter there.

Mount Isa Copper Output Up

Melbourne—American Smelting & Refining's Mount Isa mines is expanding its copper smelter output at Queensland. The \$8.2 million project will double the smelter's capacity to 80,000 tons a year.

The company's development plans also include increasing the capacity of the new Townsville refinery from 40,000 to 60,000 tons a year by the end of 1959.

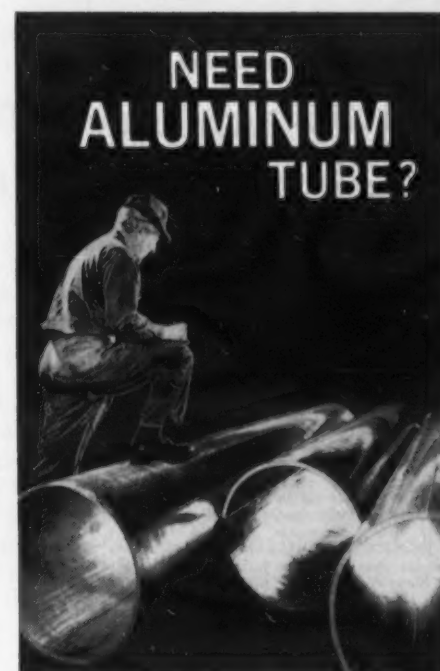
W. German Shipbuilders Press For Reduced Steel Plate Tags

Bonn—Union leadership in the German shipbuilding industry has been pressing the German Iron & Steel Trade Association to reduce plate price to help the German shipbuilding industry out of its current doldrums.

But West German steel producers see no possibility of price reductions on steel sheets and plates from current levels. An industry spokesman said it would be most unlikely that a price drop could regain trade lost to lower price suppliers in France, Italy, Poland, and Japan.

The outdated condition of many German mills is considered a major handicap to the German steel industry. The industry has scheduled expenditures of almost \$200 million on new equipment and plants during the coming year. Mill management has been criticized recently for inability to deliver on plate and sheet steel orders on relatively short notice.

In addition to meeting German domestic needs, fear of a strike in the United States has put pressure on German firms to meet overseas orders.



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Survey Predicts 10% Increase In Plastics Sheet Usage this Year

New York—Following a survey of leading raw material suppliers and sheet fabricators, the plastics sheet forming industry predicts a 10% business increase for the year.

The survey was conducted through the Sheet Forming Division of The Society of the Plastics Industry, Inc. It indicates that 155 million lb. of plastics raw materials will be used this year, compared with 140 million lb. last year.

The sheet forming industry's products find their heaviest use in the packaging, architectural, design, novelty, appliance, and industrial fields.

Major growth applications are expected in blister packaging, food packaging, and architectural products. Other applications include: outdoor signs, displays, panels for lighting, and toys.

To effect closer cooperation within the industry, sheet formers and fabricators continue to meet on a regional basis. Topics discussed include: industry standards, cost accounting procedures, publicity, traffic rates, and greater consumer education.

Jones & Laughlin to Expand Cleveland Works

Cleveland—Jones & Laughlin Steel Corp.'s Cleveland Works will add what it terms two of the largest basic oxygen furnaces in the world and one of the largest blast furnaces in the United States. Construction is expected to start this summer.

J & L officials said the \$50 million expansion program will make its Cleveland plant one of the most modern in the country. With recent improvements, J & L claims that the plant will be one of the leaders in the industry.

In 1942, J & L purchased the Cleveland Works, formerly Otis Steel Co., at a cost of \$39 mil-

lion. Since then, it has spent more than \$165 million equipping it as a top producer of hot and cold rolled sheets, principally for the automotive and appliance industries. The new program will bring expenditures on the Cleveland plant to approximately \$250 million. This included expenditures of \$90 million over the past two years for facilities to double the plant's capacity for cold rolled sheets and plates.

Cleveland's basic oxygen furnaces are expected to produce 160-ton-heats, larger than J & L's two other basic oxygen furnaces at the Aliquippa Works.

National Tube Facilities At Ellwood City Erected To Up Stainless Output

Ellwood City, Pa.—National Tube's Ellwood Works will double stainless steel tubing capacity. The U.S. Steel division announced last week it will erect two new buildings to house the latest processing, finishing, and testing equipment for stainless steel tubing.

The facilities will allow the division to meet increased demands for quality stainless steel tubing for commercial, military, and nuclear power requirements.

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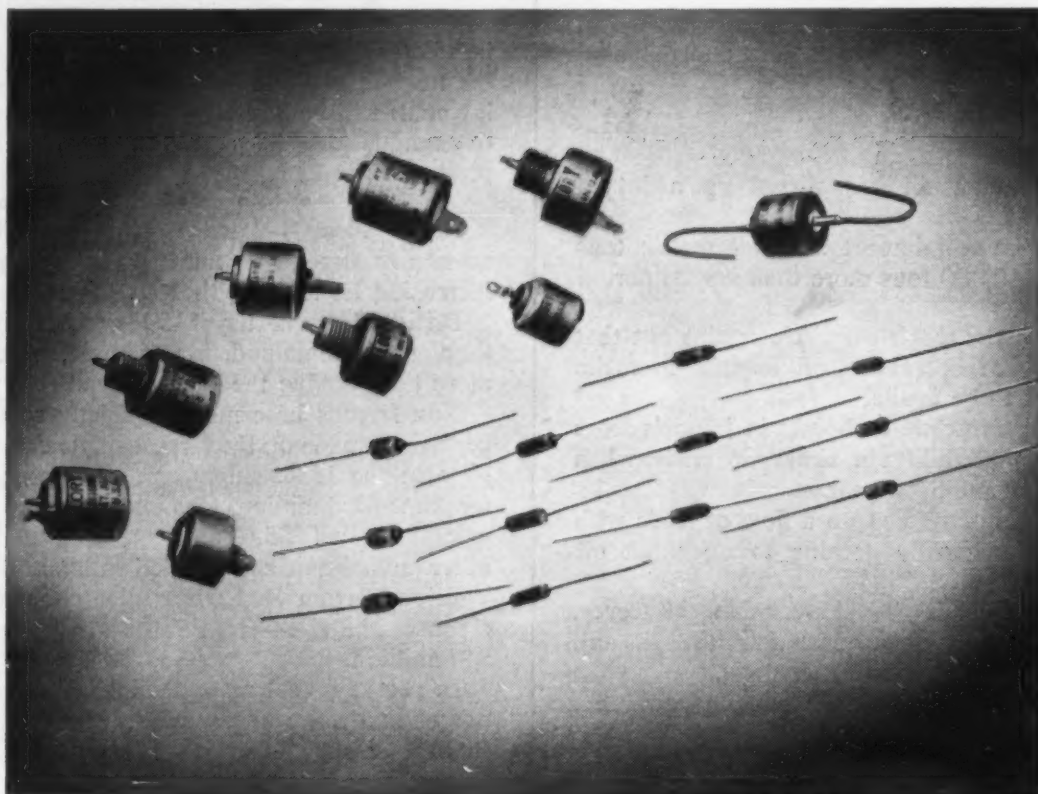
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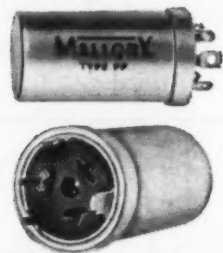
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Purchasing Perspective

MAY 11-17

(Continued from page 1)

around the area, we may yet see some rather startling conclusions as to what really makes an inflationary wage and price settlement.

Stockpiling activities of industrial purchasing may already have influenced the steel bargaining strategy. Steel management's consideration of a share-the-profits plan could have been promoted by a belief that the union might resort to selective or hit-run strike tactics to combat industry stockpile strength.

A somewhat different approach to settling the wage-price issue and related economic problems was proposed last week by 60 leaders in business, labor, government, and civic affairs. After four days of contemplative discussions at Columbia University's annual American Assembly this select group agreed generally that pleas by government officials for restraint and responsibility in wage and price decisions are likely to have little effect.

They urged instead that labor, management, and government representatives convene yearly to discuss wages, prices, profits, and productivity as related to national economic goals. Such a convention should be conducted privately—"not so much under the glare of the public eye as to become a platform for the contenders."

The over-all program drawn up by Columbia's distinguished Arden House guests did not represent 100% harmony but did include give-and-take on familiar key platforms advocated by off-opposing interest groups. For instance, it declared:

- The breakup of national unions into smaller units would not necessarily prove effective in obtaining greater wage and price stability.
- Average increase in output per man-hour is a relevant consideration in wage negotiations, but numerous other factors must be "weighted and reconciled."
- Price stability should be encouraged by reducing tariffs and other trade impediments.
- Vigorous enforcement of antitrust laws should be encouraged to strike down monopoly power.
- Despite the seriousness of the present international situation, direct general government price-wage controls are incompatible with our free economy.

Natural Rubber Product Prices Predicted Up

New York—Soaring natural rubber quotations, when combined with current labor settlements, will soon be pushing up the price of a wide range of rubber products.

In the rapidly unfolding rubber picture, these are the pressures indicating higher rubber products tags.

• **Material cost pressure.** The cash price of tree rubber smoked sheets (N. Y.) soared to 37.4¢ a lb. last week on news of renewed Chinese buying. That's almost 50% above year-ago levels. Rumors were also flying that synthetic prices were about to go up, too.

• **Labor cost pressure.** Current pattern of labor settlements, based on the recent Goodyear settlement, call for substantial increases in pensions, insurance, and severance pay. Provisions for pensions alone call for increases of up to about 5¢ per hour by rubber producers.

Moreover, these agreements do not include actual wages. Talks on this latter aspect are scheduled to begin in July. This will add further labor cost pressure which is bound to be passed on to consuming industries.

Though natural rubber has been firming for some time, last week's spot price spurt came as somewhat of a surprise to rubber dealers.

Setting off the jump was Red China's widely publicized reentry into the Singapore rubber market. It was her first foray into this mart since last September.

It immediately set off gains of more than 1¼¢ a lb. in the Far East center. Prices there zoomed to their highest levels since late 1956.

Reactions quickly spread to the London and New York exchanges. The London price was up over 1¢ a lb.—and domestic

quotes were up almost as much the same day.

According to late reports the orders were for a substantial 2,800 tons for May shipment—with orders for 4,000 additional tons placed through agents.

Actually, underlying strength comes from more than just the Red Chinese entry.

All these other forces have contributed to the gradually firming natural rubber price picture:

• **Russian buying**—Moscow has been buying large amounts of rubber on the free market. Some 25,000 tons were purchased by the Soviets in the first two months of 1959. That was 2½ times the volume acquired in the similar 1958 period.

• **European demand**—Continental buyers also have been busy, reflecting increased European industrial activity. Both France and Germany have been particularly active in recent months.

• **Domestic consumption**—

American usage has also been rising—contributing to the strengthening demand picture. In the first two months of this year American industry consumed 23% more rubber than the year before.

• **Dwindling supplies**—Figures recently released by the International Rubber Study Group emphasizes the growing squeeze on supplies. They show that world consumption has been going up at a much faster rate than production.

Here are their totals for January and February combined: World production is reported at 297,500 long tons. Consumption on the other hand ran well above that level—and was estimated at some 357,500 tons over the same period.

Superimposed on the growing demand from all corners of the globe, it is not surprising that natural rubber quotations have been rising so steadily in the past year.

Ike Again Warns Against Steel Hike As Management-Labor Talks Start

(Continued from page 1) unless both sides show statesmanship the government might be forced to take more direct action to hold down prices.

The Administration, in fact, shrinks from the notion of having to do anything more in the wage-price control area than merely keep "jawbone" pressure on to try to talk industry and labor out of any act that would cause a price rise.

Thus all the talk that will be coming from Washington the next two months will be only for persuasion. Washington is immobilized until it sees how the steel negotiations turn out.

Some in the Administration feel a bit cheerful that the White House won't have to do anything more—that steel prices won't go up this summer following a wage settlement.

These officials already are talking about the possibility that overall price levels—i.e. the Consumer Price Index will remain stable for some time. The decline in food prices would be expected to nullify any moderate rise in the retail price of business goods.

Must Await Negotiations

Any serious attention in Congress to further anti-inflation moves also must await the outcome of steel negotiations. Sen. Estes Kefauver (D., Tenn.) last week cleaned up a two-week session on the O'Mahoney bill that would require prior notification to government before major companies could raise prices.

The bill at this time stands no chance of congressional approval. The only thing that could give sponsors any hope of passage would be for a steel price rise sometime this summer before Congress adjourns.

Ralph Cordiner, chairman of the board of General Electric, strongly opposed the measure in testimony last week. He charged it would result in unwarranted government intervention in the economy.

Cordiner turned the tables on Washington and pointed the finger at government spending as a prime contributor to inflation.

If the government wants to cut down inflationary tendencies, Cordiner said, the best contribution it could make would be to cut back on expenditures. He specifically called for reductions in housing, farm subsidies and veterans' benefits.

Spokesmen from the Federal Trade Commission angered O'Mahoney by saying the commission could not handle the administrative burden involved in conducting the public hearings. The Justice Department's top antitrust, Robert A. Bicks, opposed the bill as likely to discourage price cuts and as "anti-competitive."

Buffalo Steelmen Eye Competition

Buffalo, N. Y.—The scheduled arrival of large imports of foreign steel via the St. Lawrence Seaway aroused pointed comment in this Northeastern U.S. steel producing center this week.

The arrival of one foreign ship bearing nearly 4,000 tons and the scheduled docking of another with 5,000 tons this week brought the foreign imports situation into sharp focus.

Local steel mill management and labor officials were reported disturbed by the possibility that additional steel imports were expected to be delivered on the doorsteps of local customers in the next month or so. Some of the estimates total 25,000 tons or more. Some prices quoted were reported to be as much as \$30 a ton less than for the same steel produced here.

But it was also pointed out that the first Seaway imports brought finished foreign steel available only in certain sizes and shapes. For example, only 700 tons of the cargo brought in last week by a Swedish tramp freighter was a finished type that might compete with producers here. The remainder was used steel rails, schedules for re-rolling. Another cargo of used rails also was on the way.

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Green Firm Lumber, 2x4's, Northwest mills, mftbm....	\$2.00	\$78.00	Building demand
Metanitrobenzene, sulfonic acid, sodium, lb.....	.04	.48	
Borax, anhyd., Pacific Coast Borax, bulk, ton*.....	\$4.50	\$83.00	Wage boosts
Carlots, bags, bulk, ton*.....	\$4.50	\$87.00	Wage boosts
Boric Acid, granular, Pacific Coast Borax, gran., ton*..	\$3.50	\$106.00	Wage boosts
Carlots, bags, bulk, ton*.....	\$3.50	\$112.00	Wage boosts
Rasorite, 46, Pacific Coast Borax, bulk, ton*.....	\$6.00	\$47.50	Wage boosts
Borax, 10 mol., gran., Pacific Coast Borax, bulk, ton*...	\$2.50	\$43.50	Wage boosts
5 mol., gran., bulk ton*.....	\$1.50	\$58.00	Wage boosts
Cottonseed Oil, Valley, lb.....	.0013	.1213	
Tamarind, lb.....	.03	.15	Tight supply
Beeswax, crude, African, bags, lb.....	.02	.55	
N-Methyl Piperazine, Union Carbide, 5-gal., lb.....	.40	\$7.50	
Cotton, 6.90 yd. lawn cloth.....	.015	.23	Demand strength
Cotton Suede Cloth, Cone Mills, 3.00 yd. prints.....	.01	.35	Demand strength
3.50 yd. prints.....	.01	.33	Demand strength
Lead, common, N. Y., lb.....	.005	.12	Increased buying
REDUCTIONS			
Copper, custom smelters, lb.....	.005	.32	Demand dip
1-Trichlorethane, tanks, lb.....	.0095	.118	
Carlots, drums, lb.....	.0095	.128	
Butyl Acrylate, Celanese Corp., East, tankcar, lb.....	.10	.45	
Di-N-Propylamine, tanks, lb.....	.08	.64	
Fuel Oil, No. 2, tankcars, Buffalo, net, gal.....	.005	.1206	
Fuel Oil, diesel, tankcars, Buffalo, net, gal.....	.005	.1246	
Santonin, lb.....	\$7.00	\$23.00	
Orange Oil, Floridian, lb.....	.05	.95	
Spearmint Oil, lb.....	.20	\$5.80	Weak demand
Lime Oil, distilled, lb.....	.05	\$6.50	Stock unloading
Quinine, sulfate, oz.....	.025	.25	Demand dip
Hydrochloride, oz.....	.035	.25	Demand dip
Butyl Acrylate, Celanese Corp., Clts, drums, East, lb.....	.10	.475	Widen market
West of Rockies, lb.....	.10	.485	
Methyl Naphthyl Ketone, crystals, cns., lb.....	.55	.245	
Adiprene, E. I. Du Pont, 55-gal. drums, lb.....	.33	\$1.17	
5-gal. pails, lb.....	.45	\$1.30	
Phenol, synthetic, USP, dlv., tankcars, lb.....	.01	.165	Capacity boost
Carlots, truckloads, drums, lb.....	.01	.185	Capacity boost
Less Carlots, lb.....	.01	.205	Capacity boost

* Effective July 1.

Director Finds Answer to Steel Stock Question

Private Consultant Finds Steel Consumption Answers in Statistics

(Continued from page 1)

be hurting soonest from any strike, and after how many weeks. This sharpshooting statistician and forecaster is Herman B. Director, a private consultant whose clients include top steel companies in this and other steel centers. He headquarters in Washington, D. C.

Every three months, Director makes a survey of steel consumption for the previous quarter and a forecast of what steel production and consumption will be six months ahead. He does the same thing for 21 other metals as well.

Director uses a complicated system of arithmetical formulas combined with general economic forecasting techniques to arrive at his deductions on steel. These are bolstered by spot surveys and by frequent consultation with steel companies and suppliers. But otherwise, the figures he bases his calculations on are the same available to anyone—those supplied mainly by the Commerce Department and the American Iron and Steel Institute.

Director takes the mountain of statistical data he has collected and feeds it to a computer. Within 12 minutes, the machine spews out a detailed breakdown of production and consumption of individual steel products by region, state, and even county markets.

Subject to Limitations

Director's predictions are subject to the same limitations of other forecasts: No one can foresee all the changes that might throw off his estimates. And with his system of strictly mathematical projections broken down to the specific detail, his chances of error multiply.

But Director feels that his forecasts have checked out with a high degree of accuracy in the past three years and gives the steel industry a good general outlook of what's coming.

Director's computations are telling him that current steel output is being chewed up in production faster than is generally thought and that steel inventories will be considerably lower than first believed.

A prolonged steel strike would hit middle-sized and smaller companies first, according to Director. Larger companies as a rule are more able to afford carrying a larger inventory on a constant basis. They also have traditional agreements with steel companies from whom they buy direct and would have a better chance of getting more of what they need than smaller firms.

Here's Director's outlook on the steel situation for various industries for the third quarter of 1959:

Automobile—Despite the industry's contention that it is in good shape, autos may be in some trouble if a strike develops. He figures that auto firms were able to add only two days inventory needs during the first quarter of the year because of high production schedules. And he doesn't think they'll do much better in this second quarter.



Inventory forecaster Herman B. Director (above), draws these look-ahead conclusions from his mass of steel production and use data:

- No more than 5½ to 6 million tons of steel can be added to total inventories by June 30 under current production rates. This is considerably under some steel industry estimates that steel stocks will increase by around 8 million tons in the first half.
- Although steel consumers should have a 60-day supply on hand or immediately available from warehouses, expanding production requirements probably will put a 40-day ceiling on the supply that most stockpiling firms can lay in by June 30.
- The third quarter will see only a normal seasonal drop in steel needs because of continuing heavy demand for current production and replenishment of recession-depleted inventories. Most industries will need essentially the same amount of steel they have been getting to maintain operations. A traditional summer slowdown in auto production will account for most of the third quarter drop.
- A prolonged steel strike will hit first at middle-sized and smaller-sized companies. Larger firms have better working agreements with mills and can afford to carry a larger constant inventory.

Non-Electrical Machinery—Producers are building inventories, but they won't be able to add enough to carry them through a protracted strike. They would begin to be sorely pinched after about four weeks.

Electrical Machinery—The industry's big producers have maintained good-sized inventories and are in better shape to face any cutoff.

Appliances—Producers are in good shape because they started building inventories late last year in advance of putting out new models.

Construction — Contractors will have real trouble if a strike goes as long as four weeks. Builders would be switching to all sorts of devices including the use of higher-priced metals.

Containers—Can-makers buy largely from the mills and manufacturers have stayed pretty well ahead.

Rails—The industry is getting a good backlog of orders and is trying to build its inventories. Its status is complicated by the fact that many firms followed a hand-to-mouth buying policy during the recession.

Director got his first introduction to steel industry statistics more than 20 years ago when he

was working on government reports for the Temporary National Economic Committee. He worked for a number of the top government economic agencies—National Production Administration, the Bureau of Labor Statistics, the Department of Commerce—before forming his own firm, Herman B. Director Associates, in Washington three years ago.

Chrysler Wants More Independent Suppliers

Detroit—Chrysler Corp. is increasing its already widespread network of independent suppliers. Emlyn Loyd, director of purchasing, last week re-emphasized Chrysler's policy of dealing with so-called "small business" wherever possible.

Chrysler utilized less than 11,000 vendors five years ago. In 1958, the automobile manufacturer purchased materials and services from 13,471 suppliers.

"Since its founding, Chrysler Corp. has depended heavily upon the goods and services of small businesses," Loyd said. "And we continue to need a very large reservoir of small vendors who can feed high quality materials to our plants."

Independent suppliers received nearly 60¢ of every sales dollar taken in by Chrysler last year.

Year-End Lead Times Man Stretch Drastically; P.A.'s Told to Anticipate

Several Key Industries Warned P.A.'s to Guard Against Jam-Ups in Third and Fourth Quarters

(Continued from page 1)

ous types of electrical equipment is there," explained a spokesman for Westinghouse Electric Corp., "but the demand is still pent-up."

"If orders were spread over a period of time, there wouldn't be any trouble. But with an expected avalanche of business late this year, I'm sure some purchasing agents will wind up waiting for equipment until 1960."

The situation in Cleveland—major industrial center for steel, machine tools and various fabricated products—illustrates some of the developing problems.

Starting to Lengthen

Deliveries on some types of machine tools already are beginning to lengthen. But manufacturing and purchasing sources there believe the delays "go below the production of capital goods" with the stretch outs being found mostly in component parts.

Purchasing directors will have to start "anticipating further in advance in the buying of production parts," one veteran purchasing man observed, especially in instances where parts suppliers' inventories have been chopped back because of the recession period.

Some Delays on Components

Machine tool makers admitted they are experiencing delays in getting component parts for special machines.

One builder said that last November he was getting promises of bearings in three to six weeks, now he has to wait more than three months. Clutches used to be two to three weeks; now are two months. Starters used to come off the shelf; now there is a month wait.

As a result, this company is promising deliveries for August or September on machines it used to deliver in four to six weeks.

Deliveries Good Now

Deliveries are very good right now, however, on standard machine tools, engine lathes, tool room lathes, and smaller turret lathes, radial drills, milling machines, grinders, and boring mills. Builders still have these in stock from the slack recession period.

But lead times on special machinery are growing.

One example is packaging machinery. Delivery times already have extended to four to six months from normal three months lead time in the first quarter.

Herman Manas, sales manager for the M. R. M. Co., Brooklyn, maker of filling and labeling machinery, says his lead time requirements may go to a year in the third and fourth quarters.

"Many companies are now doing their own packaging and as a result are in the market for machinery," he said. "I don't see any letup on this demand in the near future. We have plans to increase our capacity in order to cut down our backlog as much as possible."

On the product level, paper is

one of the many items already under pressure of double-barreled demand—seasonal and contraseasonal. The sharpest increase has been on paperboard which now is rated at 95% of capacity in most companies, compared to 88% in the fourth quarter of last year.

Kraft paper and bleached board are also experiencing exceptional demand. Lead times on these products have stretched from about three weeks in the fourth quarter of 1958 to about two months at present.

Paper Demand Up

Paper demand has also picked up on printing grades, off-machine coated grades, lower grades of ground wood and most grades just above the newsprint level. In general, lead time here has lengthened between three to five weeks over fourth-quarter 1958 levels.

As for current deliveries, steel obviously is the hardest hit on maintaining delivery schedules. But the pressure of increased business already has been felt on numerous other items in all sections of the country—some only slightly, others to the extent of requiring double the lead time in current ordering.

Business survey reports of various purchasing associations have been keeping close track of this developing situation in their areas.

Machine Tool Stretch Outs

In the Northeast, buyers report that machine tool items are among the leading products in which stretch outs are in the most evidence.

In Western Pennsylvania, laboratory furniture and other fabricated steel products, formerly available on 30-day delivery, now are up to 45-days and still lengthening. Printed industrial labels have stretched to 90 day plus. M.R.O. supplies which were pegged at 30 days in the first quarter now are up to 60 days on some items.

Some Small Increases

In the Midwest, purchasing agents report small increases on a number of products. The current Chicago P. A. business survey comments: "With production employment and order backlog holding firm, the buying pattern continues to reflect a tendency to lean toward lengthening."

In some Ohio industrial areas deliveries on various paper products have gone from two weeks to as long as 4 or 5 weeks. Aluminum products have lengthened lead time slightly—with some buyers reporting 6 to 8 weeks delivery compared to three weeks in the first quarter.

Brass is up from 5 to 8 weeks; malleable iron castings have jumped to 6 to 8 weeks from a month delivery lead; and bearings are up to 6 to 8 weeks compared to 4 to 5 weeks earlier this year.

Reports of similar stretch outs, but varying from product to product in area to area, come from other sections of the country as well.

CONTROL

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payments faster"**



George Gund, President, The Cleveland Trust Company

A NEW SYSTEM GIVES THE CLEVELAND TRUST COMPANY BETTER CONTROL OF COLLECTIONS

This Cleveland bank carries close to 40,000 real estate loans. To handle the flood of monthly statements and payments, the bank has set up a centralized system. This gives them automated control over payments made to 69 offices and lets them offer the same loan policy to customers at all branches. The customers like it. Their payments are prompter and the money paid in is available for the bank's use the same day.

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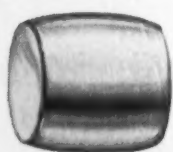
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